

FINANCIAL TIMES

Europe's Business Newspaper

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Shares soar as
European bourses
reach new highs

Share prices throughout Europe soared yesterday, with five of the six biggest stock exchanges reaching new highs. The London stock market outpaced the others with a gain of 1.2 per cent, as dealers scrambled for shares to balance their trading books before Christmas. The FT-SE 100 index ended 40.8 points up at a record 3,395.5.

The Frankfurt bourse, buoyed by encouraging news on inflation, closed at a record level for the fourth successive day, with the DAX index up 25.33 at 2,223.84. In Paris, the CAC 40 index rose 17.23 to 2,243.02. Among the others, in Zurich, Amsterdam and Madrid, equities hit their fifth consecutive record high. Page 24: Paris bourse defies gloom, Page 2: World stocks, Page 21: London stocks, Page 13: Markets, Weekend XI

IRA announces Christmas truce: The Irish Republican Army announced a Christmas truce in its fight to oust Britain from Northern Ireland but hopes faded of an end to its 25-year war against British rule. Page 4

Italy seeks budget surplus: The Ciampi government pledged to approve before the end of the year extra fiscal measures to raise L6,700bn (\$4.08bn) to add to the 1994 budget. Page 2

Russian children taken hostage: Four heavily-armed men took 12 Russian children and their teacher hostage and flew them out of the southern city of Rostov-on-Don in a commandeered helicopter. The kidnappers, who originally said they wanted to go to Iran, landed 300 miles south of Rostov and demanded an aeroplane in which to fly to a destination outside Russia.

Qatar contract goes to Swiss: Qatar awarded Swiss engineering company Asca Brown Boveri a \$1.1bn contract for a power and desalination plant in the Gulf state.

Willis appointed as Australia's treasurer: Australian prime minister Paul Keating used the departure of treasurer John Dawkins to revamp his cabinet for the first time since the Labor government's re-election in March. Finance minister Ralph Willis (left) was appointed treasurer, a post he held briefly in 1991, in a reshuffle which affected 11 ministers or parliamentary secretaries. Page 3

Russian citizenship pact: Turkmenistan became the first member of the former Soviet Union to sign a dual citizenship pact with Russia. Page 2: Russia denies diamond sales, Page 2: Yeltsin sets opposing courses, Page 2

UN vehicle hijacked: Bosnian government forces hijacked a UN armoured personnel carrier with three British soldiers aboard at Gornjavuk in central Bosnia. The soldiers were later returned safely to their base.

Elliott charged: John Elliott, former head of Australia's Elders XL brewing and agribusiness group, was charged with two counts of theft, involving A\$95.5m (\$43.4m), and with conspiring to disguise the theft through fictitious foreign exchange dealings. Page 3: Mining company chairman accused, Page 3

Alitalia, Italy's state airline, has warned labour unions that urgent measures are needed to cut costs and improve productivity to staunch expected large losses. Page 9

Cellular acceptance: The cellular phone, still widely regarded as a yuppie toy, appears to be on the verge of breaking through to the mass consumer market in the UK. Page 4: Essentially well-connected, Page 7

Making money out of Mao: One by one the great Maoist shrines have fallen, not to angry mobs bent on casting out the devils of the past, but to the power of money. Page 6

Japanese spirits: Japanese drinkers seeking to lighten their recession-induced gloom are turning to shochu, a cheap spirit distilled from sweet potatoes, while sales of whisky, wine and beer have fallen. Page 24

Financial Times

The Financial Times will not be published tomorrow or next Monday and Tuesday. It will be published again on Wednesday, December 29. We wish all our readers, advertisers and distributors a happy Christmas.

STOCK MARKET INDICES		STERLING	
FT-SE 100	3,395.5 (+40.8)	New York: DJIA	2,811.12 (+15.75)
Nickel	1,346 (+7.86)	London	1,597.5
FT-SE Euro Stoxx 100	1,458.50 (+7.86)	S	1,504 (1.489)
FT-A All-Share	1,669.96 (+1.1%)	DM	2,547.5 (2.545)
Nickel	1,069.00 (+1.1%)	FF	8,677.6 (8.6625)
New York: DJIA	2,811.12 (+15.75)	Sfr	2,157.5 (2.15)
Dow Jones Ind Ave	3,770.02 (+17.7)	Y	185.25 (185.25)
S&P Composite	458.48 (+1.17)	E index	81.7 (81.4)
US LUNCHTIME RATES		DOLLAR	
Federal Funds	3.75%	New York: DJIA	2,811.12 (+15.75)
3-mo Treas Bill: 91	3.106%	London	1,597.5
Long Bond	100%	S	1,504 (1.489)
Yield	6.212%	DM	2,547.5 (2.545)
LONDON MONEY		FF	8,677.6 (8.6625)
3-mo Interbank	5.75% (5.75)	Sfr	2,157.5 (2.15)
Life long gilt future: Dec 1203	120.125	Y	185.25 (185.25)
NORTH SEA OIL (Argus)		E index	81.7 (81.4)
Brent 15-day (Feb)	\$13.64 (13.7)	London	1,597.5
Gold		S	1,504 (1.489)
New York: COMEX (gold)	\$385.5 (385.0)	DM	2,547.5 (2.545)
London	\$385.5 (385.0)	FF	8,677.6 (8.6625)

STOCK MARKET INDICES		STERLING	
Austria	1,346 (+7.86)	New York: DJIA	2,811.12 (+15.75)
Belgium	1,069.00 (+1.1%)	London	1,597.5
Denmark	1,346 (+7.86)	S	1,504 (1.489)
France	1,069.00 (+1.1%)	DM	2,547.5 (2.545)
Germany	1,346 (+7.86)	FF	8,677.6 (8.6625)
Greece	1,069.00 (+1.1%)	Sfr	2,157.5 (2.15)
Hong Kong	1,346 (+7.86)	Y	185.25 (185.25)
India	1,069.00 (+1.1%)	E index	81.7 (81.4)
Italy	1,346 (+7.86)	London	1,597.5
Japan	1,069.00 (+1.1%)	S	1,504 (1.489)
South Korea	1,346 (+7.86)	DM	2,547.5 (2.545)
Spain	1,069.00 (+1.1%)	FF	8,677.6 (8.6625)
Sweden	1,346 (+7.86)	Sfr	2,157.5 (2.15)
Switzerland	1,069.00 (+1.1%)	Y	185.25 (185.25)
Taiwan	1,346 (+7.86)	E index	81.7 (81.4)
Thailand	1,069.00 (+1.1%)	London	1,597.5
UK	1,346 (+7.86)	S	1,504 (1.489)
USA	1,069.00 (+1.1%)	DM	2,547.5 (2.545)
Yugoslavia	1,346 (+7.86)	FF	8,677.6 (8.6625)

China set to keep world lead with 13% growth rate

By Alexander Nicoll, Asia Editor, in London

China's economy is likely to have produced the world's fastest growth rate in 1993 for the second successive year, in spite of the government's attempts to slow the pace and prevent overheating.

Several western economists who have visited China recently

expect the economy to show 13.2 per cent growth in 1993, slightly faster than last year's 12.8 per cent pace. It is driven by huge growth in industrial output and by massive investment, with about \$20bn pouring into the economy this year from foreign sources alone.

The economists are cautiously optimistic, however, that the Chinese government will succeed in

slowing the pace of growth to about 10 per cent during the first half of 1994, and will avoid a "hard landing".

Mr Cyril Lin, fellow of St Anthony's College, Oxford, said: "We're going to see modest growth in the first half, mainly because the first half of 1993 was so strong."

Another senior economist said most Chinese leaders appeared

united on the need to stabilise growth. He said the 16-point programme introduced at mid-year to cool the economy "seems to be working" but admitted there was "a big if about monetary policy".

The economists believe that, while concerns about inflation remain, they should not be exaggerated. Fears have recently been expressed that the partial relaxation of monetary policy ordered

in the autumn by Mr Zhu Rongji, vice-premier and central bank governor, will cause the economic boom to run out of control and force the government to take

control growth in money supply and investment in fixed assets. The Beijing municipal authorities have re-imposed controls on prices of grain, cooking oil and eggs because of recent sharp rises. Inflation in larger cities is above 20 per cent.

There have been signs of

Continued on Page 20
Making money from Mao, Page 6

DM2.4bn Siemens
microchip plant
project for Dresden

By Judy Dempsey in Dresden

Siemens, Germany's largest electronics manufacturer, is to invest DM2.4bn (\$1.42bn) over 10 years in a new microchip plant in Dresden.

The project will be one of the largest single investments in eastern Germany and the biggest anywhere in the European electronics sector in recent years.

More than 1,200 jobs will be created, and another 3,000 ancillary jobs are expected to grow around the new plant.

The investment is part of Siemens' strategy aimed at increasing its share of international telecommunications market, which is expanding rapidly, particularly in Europe. Growth would be largely export-driven, the company said.

Mr Heinrich von Pierer, chairman, said the investment would be made primarily in production, with 10 per cent for research and development.

"By building this new plant in Dresden, we want to increase productivity, focus on innovation

and expand our markets," he added. Production and research will be based under one roof to allow a faster and more flexible response to technological developments, company officials said.

The production centre, scheduled to be on line by early 1996, is expected to have an annual turnover of DM1bn. It will make 64-megabyte memory chips and the 256-megabyte chip used for telecommunications, mobile telephones and the car industry.

Mr von Pierer said "worldwide" exports would account for most of the plant's output.

Siemens intends to invest and organise production alone in Dresden, but Mr von Pierer added that "the door would be left open" for potential partners, including Toshiba, the Japanese electronics group.

Siemens chose Saxony instead of expanding outside Germany after lengthy negotiations with Mr Kurt Biedenkopf, the state's prime minister, who is adept at cutting through red tape.

There were also attractive investment grants. The European

Union's Regional Fund and the German Ministry for Research and Development will contribute about DM300m to the planned investments, while about 35 per cent of the investments will be supported by the German government and the state of Saxony.

Siemens said it chose Dresden partly because it offered a highly qualified workforce. The skills, available in the region meant it could become the new centre of an eastern German electronics industry.

Siemens already has three enterprises in Saxony and employs more than 16,000 people throughout eastern Germany. Last year's turnover in the five eastern states amounted to DM5bn, and the company expects profit by the end of 1994 after several years of heavy restructuring costs. Siemens' total turnover this year amounted to DM31.7bn.

Europe has only a small share of the global semiconductor market. Japan and the US dominate, with Europe taking about 7 per cent of worldwide sales.



Cologne's medieval centre is swamped after the Rhine overflowed following days of heavy rain. Page 24

US economic figures point to strength of recovery

By Jursk Martin in Washington

A fresh batch of economic statistics, led by strong orders for durable goods, gave further indications of the vigour of the US economy yesterday.

In November, orders for manufactured durable goods rose by 2 per cent to \$139.4bn. That follows a 2.6 per cent advance in October and constitutes the fourth consecutive monthly increase, the longest series of gains for more than six years.

Orders stood at 8.6 per cent above the level of a year ago.

The increase was led by the aircraft and automobile sectors, with transportation as a group

up 3.7 per cent in the month. The only leading industrial category to record a decline in November was electrical machinery.

Predictably, in view of the contracting military budget, overall defence orders also fell - by 1.7 per cent - but that was more than offset by a healthy 5.3 per cent rise in the non-defence sector, which augurs well for future capital spending.

Shipments of durable goods also rose for the fourth consecutive month, this time by 3.7 per cent, while unfilled orders - the manufacturing backlog - fell for the ninth consecutive month, by 0.6 per cent in November, to the lowest level since May 1988.

The government also reported that personal incomes rose last month by more than personal spending, an indication that the consumer, although saving less, may yet help to sustain the recovery.

Income went up by 0.6 per cent in November, another fourth monthly increase in succession, while spending rose for the eighth consecutive month, this time by 0.4 per cent, only half the level of October.

Meanwhile, Mr Leon Panetta, the budget director, forecast that the federal deficit in fiscal 1995, starting next year, would fall to about \$190bn, compared with a little under \$250bn in the current

year and a shortfall for fiscal 1995 of just over \$300bn projected when the Clinton administration took office.

Mr Panetta attributed the reduction to the effect on new

deficit-cutting policies and to the renewed strength in the economy, which increases tax revenues.

He said the next budget, to be announced probably in early Feb-

ruary, was substantially complete; but beyond saying that nine of the 14 cabinet level departments would have to get by on less, he disclosed no details.

Triple merger to cut Fiat's
exposure to building sector

By Haig Simonian in Milan

Fiat, Italy's biggest private company, is cutting its exposure to the troubled building sector via a complex three-way merger which will create the country's biggest construction concern.

Fiat will merge its quoted Cogefar-Impretit subsidiary with Lodigiani, Italy's second-ranked privately-owned building group, and with Girola, ranked about 20th. The three companies are already joint venture partners in the long-standing Impregilo building firm, which will be the vehicle for the merger.

The combined entity will have annual sales of about L2,800bn (\$1,683m), and should be more competitive against larger rivals such as Hochtief and Philipp Holzmann of Germany and Bouygues of France for big international contracts.

The multi-stage deal will begin with a rights issue by Cogefar-Impretit, 83 per cent Fiat-owned, which will then merge with Impregilo, which operates exclu-

sively in big infrastructure contracts outside Italy.

The merged company, to be called Impregilo, will take over the industrial activities of Lodigiani and Girola in return for equity stakes.

Fiat's stake in the new Impregilo will fall to about 26.5 per cent when the deal is completed during the next 18 months. A similar proportion of the shares will be floating, with the remainder split between Lodigiani (17 per cent), Girola (16.3 per cent) and five banks (15 per cent).

Mr Ugo Montecchi, chief executive of Cogefar-Impretit, said: "The deal reflects an awareness that the companies concerned need to concentrate and rationalise."

"The existing Impregilo joint venture was the obvious point on which to focus," he said.

Italy's big builders have been devastated by the recession and the political corruption scandal, which has led to a virtual freeze on public-sector contracts. Profits have slumped at most large

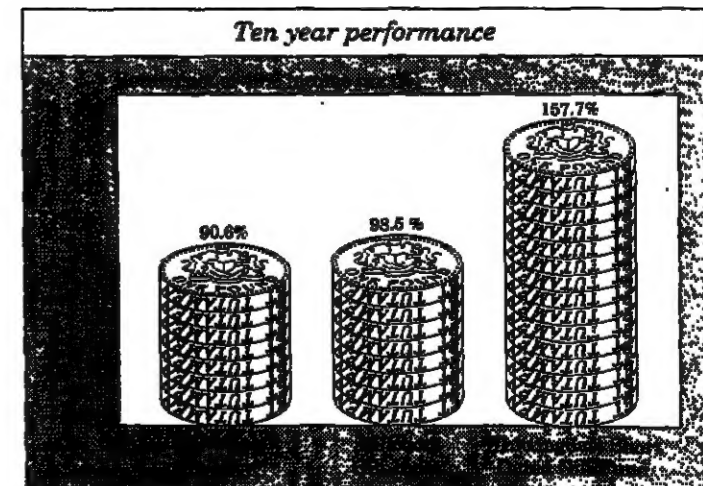
groups. Many smaller builders have gone bankrupt.

Mr Montecchi said the Fiat-led reorganisation was dictated by market forces in the highly fragmented Italian construction sector. Cogefar-Impretit, the country's leading builder, expects sales of about L1,600bn (\$960m) this year, while turnover at Lodigiani and Girola should be about L500bn and L300bn respectively.

However, the new Impregilo will still be smaller than most of its leading European rivals. Annual sales for the EU's top 20 building groups range from Eu5bn (\$2.5bn) to Eu50bn, while the new Italian company's turnover will be about Eu1.5bn.

Fiat is believed to have been considering various options for Cogefar-Impretit. Earlier this year, Mr Giovanni Agnelli, Fiat's chairman, indicated the operation was "not strategic" and could be sold.

But the chances of a sale have been restricted by the corruption scandal, in which Cogefar-Impretit has been involved.

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Paris bourse defies gloom on industry

By Alice Rawsthorn in Paris

The Paris stock market yesterday hit an all-time high despite publication of gloomy economic statistics revealing a steep decline in industrial production during October.

The announcement by the Insee state statistics institute that industrial output fell by 0.7 per cent and 1.4 per cent respectively during the month had no tangible effect on investors' enthusiasm for French equities.

The CAC 40 index continued its recent bull run by beginning the day's trading with a rise to a record 2,338.7. It rallied again during the afternoon to close at a new high of 2,433.02, an increase of 0.77 per cent over the previous day.

However, the French franc faltered on the publication of the poor production figures which came on the heels of Wednesday's announcement that household consumption had fallen by 1.6 per cent last month.

The franc, which earlier this month returned to its old European exchange rate mechanism trading bands for the first time since the summer currency crisis, rose during the morning only to lose momentum, it closed in Paris at FFfr4.4079 against the D-Mark, compared with FFfr4.4074 on Wednesday.

Mr Edmund Alphandery, economy minister, sought to play down the significance of the gloomy economic news by claiming that French economy was in a "pre-recovery stage".

Mr Alphandery pointed to the strength of the stock market, recent reductions in interest rates and the mildly optimistic tone of some recent business confidence surveys as encouraging omens for the future.

The minister said that the cabinet would assess in January the general prospects for the economy and decide whether it was necessary to implement special reflationary measures, thereby echoing earlier statements made by Mr Edouard Balladur, the prime minister.

In the meantime, the government has decided to extend its support for small and medium-sized companies by providing a capital injection of FFfr500m (€57m) to Crédit d'Équipement des PME (CEPME), an institution that provides credit to the small corporate sector.

The capital injection should enable the CEPME to provide FFfr5bn more credit to small companies in 1994 than it has done this year. So far, small and medium-sized businesses have borne the brunt of the French recession and have triggered the steep increase in the rate of corporate failures.

The government will keep control of monetary policy until a new monetary policy council at the Bank of France is named and installed, Mr Alphandery said. Reuter reports from Paris.

He said the six lay members who will join the central bank governor and his two deputies on the new council would be named at a cabinet meeting on January 5.

Yeltsin sets opposing courses

The two main tasks handed to the government are incompatible, writes John Lloyd

President Boris Yeltsin has set himself and his government two important - and incompatible - tasks.

At a news conference in the Kremlin on Monday, a slow and halting Russian president said economic reform would continue despite the reformers' poor showing in the elections two weeks ago. Mr Yegor Gaidar, first deputy prime minister and the man most associated with reform, would remain in the cabinet.

"Gaidar stays," said Mr Yeltsin, "and that means the course which he has brought in with the president and the government stays."

Yet, the reform course Mr Gaidar has set in motion is not the one he really wants to pursue. Nor is it the policy that many Russians blame him for.

Since returning to office in September, Mr Gaidar, in overall charge of the government's economic departments, has punctured his predecessor Mr Oleg Lobov's attempt to reinstate the economics ministry as a kind of revamped Gosplan.

However, only at times has he been able to stem the flow of credits to state industries and he has completely failed to produce a strategy which might let some of those industries collapse.

Mr Victor Chernomyrdin, prime minister, made clear last week that he blames Mr Gaidar's reforms for the reformers' defeat in the polls and that he must "think again". Mr Gaidar himself, in off-the-cuff remarks, seems inclined to agree, commenting that higher investment and an end to falling production are now priorities.

At his news conference President Yeltsin also commended a "more socially oriented" course for the government. If inflation continued to fall

social spending should rise, he said, and warned that economic reforms had to be made "strictly in accordance with the constitution".

The latter is a grab-bag of commitments, but insofar as they are economic, they lay down that Russia "shall be a social state" and that the state shall ensure "a guaranteed minimum wage, state support for the family, motherhood, fatherhood and childhood, and also support for the disabled and for elderly citizens, develop a system of social services and establish government pensions, benefits and other social security guarantees".

The Gaidar reform course, however, insofar as that is defined as a monetary-based strategy aimed at stabilising the economy, is simply incompatible with any greatly increased social spending in the short term.

The International Monetary Fund, which has made known that it too wants to see more social spending, must attempt early next year to come to an agreement with a government with contradictory aims - having failed to do so this year with a government supposedly set on a radical reform course.

The new government will inherit a budget deficit of Rb1 trillion (thousand billion) - that is, budgetary expenditure delayed from this year in order to keep the deficit within 10 per cent of gross national product, but which must be paid. How the IMF will square this circle is unknown, but its only way out seems to be through the Group of Seven leading industrial countries finding ways of giving money to Russia without imposing IMF-type conditions.

The second incompatibility

is more directly political. Mr Yeltsin said he wanted his government (albeit smaller) to stay, that it would not be a coalition, and that he would seek to work with parliament and with a "constructive" opposition, in which he included Mr Vladimir Zhirinovskiy's Liberal Democrats.

The government is already a coalition. Some of its ministers stood on Mr Gaidar's Russia's Choice ticket, others on that of the Party of Unity and Accord of deputy premiers Sergei Shakhrai and Alexander Shokhin. Others scorned both.

As the past week has shown, the cabinet is now a group of openly quarrelling individuals. If, however, a reform team is kept together, it will be heavily opposed by the largest part of the parliamentary parties.

Though Russia's Choice, with over 100 seats claimed, is the biggest group in the lower house, or State Duma, the two other reformist parties only bring the total up to 155-160. The anti-reformers are likely to be able to count on over 300.

To be sure, Mr Zhirinovskiy's LDP is regarded with some doubt by the Communists and their allies, the Agrarians and the Women of Russia. But Mr Genady Zyuganov, the Communist leader, has made clear he does not regard the LDP as fascist and wants to explore co-operation. The opposition groups will thus fight for the allegiance of the independent and other, small party votes from a position of strength.

Government is thus likely to continue against a parliamentary background of opposition. As Mr Yeltsin has said, he is the main source of power and will sustain his government. But as the situation worsens, he will find that sustaining a government of his choice will make the opposition increasingly less constructive.



Russian President Boris Yeltsin (left) and his Turkmen counterpart Saparmurat Niyazov after signing a bilateral pact

Moscow reformer criticises US stance

By John Lloyd in Moscow

A close aide to Mr Yegor Gaidar, Russia's first deputy prime minister and the country's chief reformer, yesterday criticised the US administration for "populist" statements which suggested that the reform course associated with Mr Gaidar should be relaxed.

Mr Vladimir Mau, a long-time associate, strongly reiterated Mr Gaidar's determination to continue - and to deepen - the reform course with which he is associated.

He said that Mr Gaidar's future participation in the Russian government would depend on the government's commitment to radical measures.

He was speaking the day after President Boris Yeltsin said Mr Gaidar would stay in the government and the reform course would continue. "We do believe that any slowing down in the pace of reform could make the situation worse in the immediate future," Mr Mau said.

He said that the remarks made by US Vice President Al Gore suggesting International Monetary Fund insensitivity to Russian realities, and those made by Mr Strobo Talbot, special ambassador with responsibility for the Soviet Union, saying that the US administration was not committed to any particular brand of reforms, were beside the point. "We have no particular problems with the IMF's position," said Mr Mau. "The main problem we have with the western countries is restrictions on our exports."

Mr Mau said that the reformers "have paid a very heavy political price in the elections for their policies. It would be silly not to use the time now to continue these reforms, by throwing them away for some other policies which would not address the real problems."

The vital issue, he said, was the continuing support of the reform. The parliament's lower house, or State Duma - where reformist parties are in a minority - could only block measures if a two-thirds majority could be mobilised against them. However, he warned that the two other reformist parties, the Yabloko group led by Mr Grigory Yavlinsky and the Party of Unity and Accord led by Mr Sergei Shakhrai, "might oppose some specific reforms". In that case, Mr Gaidar's Russia's Choice group might find itself without the necessary third of the votes to block a motion against the government.

NEWS IN BRIEF

Exxon wins \$2bn tax dispute in US

Exxon has won a \$2bn tax dispute with the US Internal Revenue Service in a transfer pricing case which it said would set a precedent for other US companies operating internationally, writes Richard Waters in New York.

The IRS had claimed that an oil trading consortium, of which Exxon was a part, along with other US energy companies, had sold Saudi Arabian crude oil at below market prices in 1979-81 to affiliates overseas. This reduced taxable profits in the US, where the trading company, Aramco, was based.

In a ruling handed down late on Tuesday, the US Tax Court backed Exxon's argument that it had been constrained by a Saudi Arabian government directive at the time. The kingdom was attempting to damp down the oil price, and had specified the price at which Saudi crude could be sold, it said.

"For the first time, a foreign legal restriction has been granted weight" in a US transfer pricing case, said Mr William O'Brien, Exxon's general tax counsel. Other US companies which operate under pricing restrictions outside the US would be less open to challenge from the US tax authorities as a result, he said.

Cool reception for Gulf oil plan

Little enthusiasm emerged yesterday for an offer by the six-member Gulf Co-operation Council to cut oil output if other producers, including those not affiliated to the Organisation of Petroleum Exporting Countries, do likewise, writes Robert Corzine in London. The GCC, which includes Saudi Arabia and Kuwait, made its offer conditional on non-OPEC producers taking part in a production cutback to prop up weak oil prices.

Analysts said some smaller non-OPEC producers might go along with such a strategy. However, one analyst said that it was "virtually unimaginable" that two of the biggest non-OPEC exporters, the UK and Norway, would abide by it.

Papua New Guinea mine targeted

The Papua New Guinea government claimed last night that its security forces were poised to recapture the large and controversial Panguna copper mine on the island of Bougainville before the end of the year, writes Nikki Tait in Sydney.

However, Radio Free Bougainville was playing down the progress of government defence forces, claiming that no PNG troops were moving towards the mining township, although admitting that they were in the area.

The mine, originally operated by CRA, was once a main source of income for the PNG government. It became the subject of a bitter and bloody clash between local landowners, together with Bougainvillean secessionists, and the PNG government in the late-1980s, and was closed down in 1989.

German inflation stays at 3.6%

West German consumer prices rose 0.1 per cent in December from November, leaving the annualised inflation rate unchanged at 3.6 per cent, the Federal Statistics Office said yesterday. Reuter reports from Wiesbaden. The monthly figure compares with a rise of 0.2 per cent in November. The year-on-year figure is down from a peak of 4.3 per cent in July.

Russia signs dual citizenship pact

By Steve Levine in Ashkhabad, Turkmenistan

Russian President Boris Yeltsin yesterday signed the former Soviet Union's first dual citizenship accord, making Turkmenistan the former empire's only member to shed some of the near-fanaticism with which most have asserted their separate nationalities.

The agreement allows Turkmenistan's 400,000 Russians, representing about 10 per cent of the republic's population and 40 per cent of its capital, to hold dual citizenship, something that most of its former Soviet brethren have rejected.

The accord was reached during a state visit by Mr Yeltsin one day before a summit in the

Turkmen capital of the Moscow-dominated Commonwealth of Independent States, which groups most ex-Soviet republics. It is the first such meeting since this month's Russian parliamentary elections, in which the nationalist Liberal Democratic leader, Mr Vladimir Zhirinovskiy, made an unexpectedly strong showing.

Analysts have expected Mr Yeltsin to use the summit as a forum to press CIS leaders to be less resistant to Moscow's economic and political influence, with the justification that the alternative could be a purely imperialist Russia.

In citing the agreement, the Turkmen president, Mr Saparmurat Niyazov, has in some ways helped Mr Yeltsin move

further ahead in Moscow's slow redigging of its roots in the ex-Soviet southern rim. For his part, Mr Yeltsin also may have progressed towards co-opting, or at least undermining, some of Mr Zhirinovskiy's nationalist support.

Mr Zhirinovskiy, who has advocated reabsorption of much of Moscow's defunct empire, won 37 per cent of the vote among the roughly 7,000 ethnic Russian officers serving under contract to the Turkmen army.

The result, a stronger showing than Mr Zhirinovskiy achieved in Russia itself, in part reflected a desire among the much-needed officers - the backbone of Turkmenistan's security forces - to improve

their comparatively spartan living conditions and status two years after the break-up of the Soviet Union.

Since then, Mr Niyazov has appeared on national television offering the officers free flats and other benefits.

Mr Yeltsin gave some indication that he might seek similar agreements with other CIS partners. The Turkmen agreement was "a sign of great friendship between two peoples", he said.

Diplomats said that, for Mr Niyazov's part, the accord was at least partly an attempt to stanch the emigration of ethnic Russians from the republic. Just last spring, there were about 11,000 ethnic Russian officers in Turkmenistan. "The

government has been well aware that it needs Russian skills," said a diplomat in Ashkhabad.

However, the citizenship agreement does little or nothing to counterbalance harsh housing laws that Mr Niyazov has enacted.

About 18 months ago, Mr Niyazov banned the sale of flats for 10 years, removing one main way in which ethnic Russians have been able to earn the cash they need to start a new life outside Turkmenistan.

Then, in the summer, he banned flat or home rentals, taking away an alternative to which some Russians had turned for a steady cash flow while they made new lives for themselves in Russia.

Italian government to approve measures raising extra revenue of L6,700bn

Ciampi seeks modest budget surplus

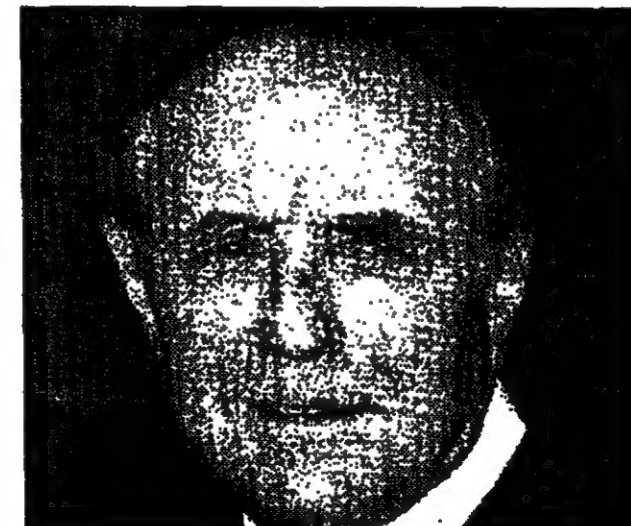
By Robert Graham in Rome

The Italian government has pledged to approve before the end of the year additional fiscal measures to raise L6,700bn (€2,67bn) to add to the 1994 budget.

The extra receipts are considered necessary to ensure a modest primary surplus (the balance between revenues and expenditure excluding interest payments) of L1,000bn in 1994.

However, the continuing increases in the cost of social security and pension payments, coupled with lower revenues, both as a result of recession, could well force a mini-budget in mid-1994.

The 1994 austerity budget itself finally cleared all its parliamentary hurdles on Wednesday, having been first presented in September. Its progress was aided in the past three weeks by the agreement of the Party of the Democratic Left (PDS) to give direct support to the various budget bills



Ciampi completed terms of mandate undertaken in May

Instead of abstaining. Another important piece of financial legislation also cleared parliament this week.

the Ministry of Posts and the Treasury.

Special discounts will be offered to encourage owner-occupiers, while 80 per cent of the receipts will go towards building new houses and 20 per cent to the Treasury.

With these pieces of financial legislation, the government of Prime Minister Carlo Azeglio Ciampi has virtually completed the terms of its mandate undertaken in May.

An announcement on the dissolution of parliament is expected at the end of the year. President Oscar Luigi Scalfaro yesterday met Mr Giovanni Spadolini, the head of the senate, and Mr Giorgio Napolitano, the leader of the chamber of deputies, to co-ordinate the dissolution.

The extra 1994 revenues are expected to be raised via a further VAT rise, plus increased taxes on alcohol and cigarettes as well as in selected stamp duties. A further rise in already high petrol taxes was

considered but appears to have been ruled out, in part to avoid inflationary effects.

The new budget deliberately seeks to attack the deficit by seeking cuts in spending rather than through an increase in the overall tax burden.

Thus, of the extra L32,000bn needed in 1994, L23,000bn will come from spending cuts. The deficit is due to be cut from more than 10 per cent of gross domestic product to 8.7 per cent of GDP.

Mr Sergio Cusani, a leading financial consultant whose trial for alleged corruption in Milan is causing a political sensation, was yesterday ordered to be released from prison.

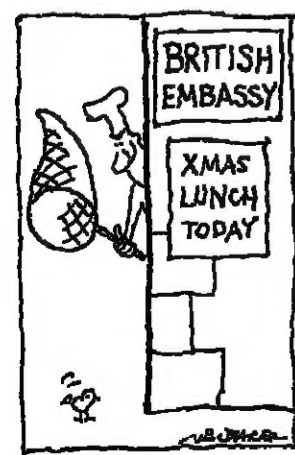
Mr Cusani had been in prison for more than five months, refusing to talk to investigating magistrates except in a public court. His trial began three weeks ago, but he has refused to appear in court until now.

Russians deny sale of diamonds

Russia's State Precious Metals Committee yesterday denied allegations by De Beers that it was selling uncut diamonds to the Antwerp market in breach of an agreement to sell only through the South African diamond cartel, Reuter reports from Moscow.

The committee, Komdragmet, has nothing to do with exports and did not leak diamonds to the market in breach of the deal with De Beers said Mr Boris Pozdnyakov, the committee's deputy chairman.

"We never exported any diamonds to the Antwerp market," he said. But he attacked the De Beers contract, saying Russia was losing at least 30 per cent of its potential profits because of the agreement. De Beers controls diamond markets via its London-based Central Selling Organisation.



By Rachel Johnson

On Christmas Day, Mr John Smith, the British Labour party leader, his wife and three daughters will be tucking into the finest turkey dinner the Holy Land can provide as guests of Mr and Mrs Andrew Burns, the British ambassador and his wife, in Tel Aviv.

For the Burns, like many of the Foreign Office's 217 heads of posts abroad, regard entertaining, however festive, as work; and few diplomats - ever mindful of *esprit de corps* - have been tempted to follow Mr Kenneth Clarke, the chan-

cellor, who cancelled his Christmas party for the press - a less-than-lavish affair of mulled wine and cold mince pies at Number 11.

Even so, ghosts are looming over the feast. Not only has the FO been squeezed in public spending rounds, but the devaluation of the pound after its exit from the exchange rate mechanism last September has taken its toll on the spending power of British posts abroad.

Ambassadors and their spouses - who receive an annual entertainments allowance - are reporting a pinch this year and are steeled for further parsimony. But there

are still good reasons for dining to remain, as Lord Palmerston put it, the soul of diplomacy.

Lady Fall, the wife of the British ambassador in Moscow, held six parties this season. They included a buffet and sketches event for staff, two children's parties (for the British community and children of Russian staff) and a dance for the Russian staff.

As she spends in three currencies - roubles, dollars and sterling - her costs are a "nightmare" to control. She economises by serving "Australian bubbly or Spanish fizzy", keeping champagne for

"special occasions involving the French ambassador". "We know we're heading for a crunch but it hasn't come yet," she says. "This city is very frustrating and parties are good for morale."

Mrs Sarah Burns also regards Christmas as a time of official morale-boosting.

She has given a children's party at which her husband played Santa; a carol party - at which the prize exhibit was not the plum pudding but a large ham, smuggled in from one of the only shops in Israel with a bootleg stock of pork; and tonight a carol party which will end up in Manger

Square in Bethlehem. As for expense, "the annual budget has been cut and we won't personally be quite so lavish," says Mrs Burns. "But a turkey is a turkey."

She feels, however, that most economies are already in place, even though she has provided meals for 4,000 people in her first year in the post. "Everything is accountable. I wish I'd done a hotel management course before becoming an ambassador's wife," she says.

In Washington, Lady Renwick is spared such worries by a social staff and a streamlined diary. She is simply giving

ing a large children's party and a buffet dinner for 250 people (ambassy staff and British press).

All those lunches and dinners mount up fast, and the Foreign Office is under continuous pressure to cut costs further. Total annual expenditure on diplomatic service hospitality in 1992-93 was £7m, up from £5.7m in the previous year and £3.6m in 1976-76.

Diplomats, however, are adamant that spending on what they call the "entertainment workload" delivers value for money, and helps boost British exports and interests.

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Australian federal authorities launch prosecutions against two of the country's leading businessmen

John Elliott Mining company chairman accused charged with £30m theft

By Nikki Tait in Sydney

Mr John Elliott, the Melbourne-based businessman and former head of the Elders IXL, has been charged with two counts of theft, involving A\$96.5m (£30m), and with conspiring to disguise the theft under the guise of two fictitious foreign exchange transactions. He was freed on A\$450,000 bail.

Similar charges were brought against Mr Kenneth Jarrett and Mr Peter Camm, two other former Elders IXL executives. Mr Jarrett was charged with theft and conspiracy, Mr Camm with conspiracy only. Both were also granted bail.

The charges were served hours after a High Court judge refused to grant a temporary injunction barring the National Crime Authority and the Victorian Director of Public Prosecutions from bringing a criminal case against Mr Elliott.

Mr Elliott, who vehemently denies any wrongdoing, has successfully kept injunctions in place for several months, arguing that the NCA had overstepped its authority in pursuing these matters and alleging that he had become the victim of a political conspiracy.

Last month, however, a federal court decided to lift the injunctions, and the full federal court then rejected Mr Elliott's application to appeal. This meant that the High Court became Mr Elliott's last hope - and that was dashed by Justice Gaudron's ruling yesterday.

The charges relate to two foreign exchange transactions between Elders and the Bank of New Zealand, and then between the Bank of New Zealand and companies connected to executives of Equiticorp, the failed New Zealand-based group, in 1988.

The transactions resulted in losses to Elders of A\$39.5m and A\$27m respectively, and stim-



Elliott: 'I reject the charges, whatever they are'

lar gains to the Equiticorp-related companies. The authorities allege that these were fictitious deals, designed to funnel money from Elders to Mr Allan Hawkins, Equiticorp's now-jailed former chief executive, or to companies connected with him.

When yesterday's High Court decision became known, Mr Elliott - a former president of the Australian Liberal party - quickly reasserted his innocence. "The contest for justice is far from over and will continue," he said in Melbourne, adding that he "rejected the charges, whatever they are".

But when the three men later appeared in the Melbourne Magistrates Court to seek bail, one lawyer for a prosecution witness described the charges as "one of the largest cases of theft ever to come before an Australian court". He claimed that Mr Elliott had been the "linchpin" in the two transactions, and Mr Jarrett, a "major player".

Mr Elliott was remanded to reappear for a committal hearing on April 14 next year. The other two men were also bailed to reappear next April, with bail for Mr Jarrett set at A\$450,000 and at A\$225,000 for Mr Camm.

Christmas is coming - even in Bethlehem

By Julian Ozzane in Bethlehem

Christmas will be celebrated in Bethlehem for the first time in six years tomorrow, amid hopes of growing reconciliation between Jews and Christians.

The Biblical town has not officially celebrated Christmas since the Palestinian uprising against Israel erupted in December 1987. But the Palestine Liberation Organisation has just made Christmas a national holiday, allowing the town to celebrate openly.

Christmas in Bethlehem is special too this year as next week the Vatican and Israel will sign an agreement to establish relations, in what many people hope will prove to be a landmark on the road to reconciliation between Jews and Christians. Pope John Paul II has said he will visit the Holy Land soon.

Nevertheless, enormous problems remain in bringing peace and goodwill to the peoples and the religions of the land of Israel. Indeed, a dispute almost stopped Christmas from happening at all in Bethlehem when the Palestinian major threatened to cancel the festivities unless Israel withdrew its demands for the Palestinian flag to be taken down. Last night senior PLO officials had taken up the matter with Israel's foreign minister, Mr Shimon Peres.

Despite the peace process, the lives of Palestinians have yet to change for the better. Israeli troops with machine-guns yesterday loomed on the wooden stand used by the Christmas choir in Manger Square - a potent reminder of the continued occupation. Arab-Jewish violence continues unabated. And even if the self-rule peace agreement is finalised in the coming days the Palestinian state Arabs yearn for remains distant.

For Jews, too, getting into the spirit of peace and goodwill remains difficult. The killings of Jewish settlers by Palestinian gunmen has left a shadow

Israel and the PLO failed to settle differences over control of borders between Gaza and Egypt and the West Bank area of Jericho and Jordan in peace talks in France yesterday, Julian Ozzane reports.

The two sides agreed to consider a compromise whereby Israel would retain a veto over who could enter the West Bank and Gaza but the Palestinians would man separate checkpoints and deal with immigration, customs and tax formalities. The negotiators met again in Cairo on Monday.

over the peace process. And although many Jews see the normalisation of relations with the Vatican as an important symbolic step forward they remain deeply uneasy about Jewish-Christian friendship.

Professor Sergio Minerbi, a Jew who has made the Vatican his special academic interest, says the Holy See's establishment of relations with Israel has been made possible because the church has separated politics from religion. It now treats issues on principles of international law rather than theological doctrine and has tacitly dropped its teaching that the dispersal of the Jews out of the Holy Land was punishment by God for the refusal of the Jews to acknowledge Christ as the saviour.

Like many Jews, Professor Minerbi believes that persecution by the Nazis was due partly to the theological anti-semitic teaching of the Catholic Church, which, until 1965, held all Jews collectively guilty for the crucifixion of Jesus by virtue of descent.

Among Christians in Jerusalem too there are profound question marks about the possibility of a reconciliation between the religions. "The theological thing is either they are right or we are," said Father Jerry Murphy O'Connor. "Either Christ was the saviour or he wasn't. The rest is tea parties."

By Nikki Tait

Normandy Poseidon, the large Adelaide-based mining and exploration group, last night took the highly unusual step of disclosing that its executive chairman, Mr Robert Champion de Crespigny, was about to be charged by the federal director of public prosecutions.

The company's solicitors added that they had been advised that Mr Thomas Melkjohn, a former employee of Normandy, would also be charged.

Normandy, which made the announcement after the stock

market closed, said full details of the charges had not been disclosed but continued: "It is understood that they relate to the takeover by Brunswick NL in 1989 of Bendigo Gold and that the charges allege that Mr de Crespigny and Mr Melkjohn allegedly failed to take reasonable steps to ensure that the Part A statement delivered to Bendigo Gold shareholders did not contain misleading information."

"It is understood that Mr Melkjohn is also to be charged for allegedly having knowingly published false information in relation to the

financial position of Brunswick."

Brunswick started corporate life as Brunswick Oil, but sold its oil interests and moved into the gold exploration business in Western Australia. Control was then acquired by interests related to Mr de Crespigny who, in 1989, was chairman of the company. Mr Melkjohn, at that time, was Brunswick's managing director.

The merger with Bendigo Gold was agreed in 1990. A "Part A" document is one of the offer documents formally required under Australian takeover practice - and the

one which tells shareholders in the target company about any information relevant to them in deciding whether to sell their shares.

Mr de Crespigny, one of the most influential figures in Australia's mining industry, denied any wrongdoing. "The laying of these is entirely unexpected and very disappointing," he said in a statement.

"The DPP has never spoken to me nor made any serious attempt to canvass its concerns with me."

He said he was completely innocent of the charges and

would defend them vigorously. He was confident of an acquittal, "although clearly the laying of these charges is bound to cause me enormous personal damage".

Last night, Mr Andrew Corletto, Normandy's company secretary, said that he did not believe that the charges had actually been laid to date, although he conceded that it was possible this would happen before the holiday weekend. Normandy's early disclosure of the impending prosecution appears to have been prompted by a wave of rumours.



De Crespigny: charges 'unexpected and disappointing'

Treasurer's departure prompts Keating reshuffle

By Nikki Tait

Australia's prime minister, Mr Paul Keating, yesterday used the departure of Mr John Dawkins as treasurer to change his cabinet for the first time since his Labor government was re-elected in March. Eleven ministers or parliamentary secretaries moved.

The new cabinet has a more balanced appearance, giving prominence to some supporters of Mr Bob Hawke, the last Labor prime minister, and easing up on the rewards for previous Keating support.

Mr Ralph Willis, 55, former finance minister, takes over from Mr Dawkins in a widely anticipated move. A competent if uncharismatic man, he has been an MP for more than 20 years and was treasurer briefly in 1991.

"What we want to do is to accelerate the growth [in the economy] and the job growth that comes with it, and to get the unemployment numbers down. That's our number one priority," he said yesterday, adding: "All that's to be done within a responsible fiscal policy and... we remain absolutely committed to

the deficit reduction strategy."

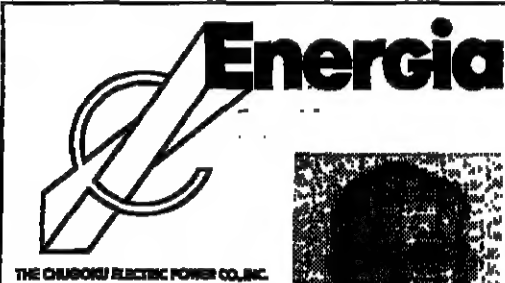
Mr Willis will be replaced as finance minister by Mr Kim Beazley, previously responsible for employment, education and training. He was formerly finance minister in 1991.

The employment portfolio passes to Mr Simon Crean, minister for primary industries and energy since mid-1991, who recently oversaw reorganisation of the wool industry. With the jobless rate in double figures, the post is likely to be a high-profile one. Mr Crean was president of the Australian Council of Trade Unions in 1986-1990.

The large transport and communications portfolio is being split, with communications being taken over by Mr Michael Lee, 36, a relative newcomer at ministerial level. He is adding it to his existing tourism portfolio. Mr David Beddall takes over resources, previously handled by Mr Lee, and Mr Laurie Brereton, a close associate of the prime minister, will add transport to his industrial relations responsibilities.

The decision to give communications to Mr Lee and transport to Mr Brereton has surprised many pundits, who believed it would be the other way round. Communications has been extremely sensitive of late, with the government embarrassed by the near-farical "auction" of satellite pay-TV licences and questions about the way in which foreign investment limits have been applied in the print media. Completing the circle, Mr Bob Collins - who previously held the transport and communications portfolio, and had been heading home to Darwin on Wednesday night before being recalled to Canberra - takes over Mr Crean's job at primary industries.

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Kohji Tada
President and Director

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Sinn Féin blow to Ulster peace efforts

By Tim Coone and David Owen

A top Sinn Féin official last night dealt a blow to Anglo-Irish efforts to bring peace to Northern Ireland, as the IRA announced that its traditional Christmas ceasefire would last only the usual 72 hours.

Mr Martin McGuinness, a key figure in the Republican leadership, used a newspaper interview to hint that last week's Downing Street Declaration would not be enough to persuade the IRA to end its 35-year armed struggle.

The political situation had not

"developed to a position where Sinn Féin can use its influence to end attacks on the British Crown forces," Mr McGuinness said.

His remarks came as nearly 450 prisoners - 100 of whom are serving life sentences - were let out of the province's jails to spend Christmas with their families.

Coming just a week after the Major-Reynolds declaration, the traditional Christmas exodus is expected to fuel debate among both loyalists and nationalists over whether to embrace the peace process.

Senior IRA men released yesterday are expected to be involved in talks with Sinn Féin leaders about their response to the joint declaration.

This may add to pressure on Republican leaders to demand an amnesty for IRA prisoners as part of any peace deal. Mr Gerry Adams, the Sinn Féin president, called earlier this week for all IRA prisoners to be released as part of a negotiated settlement - a position echoed by Mr McGuinness yesterday.

Meanwhile, the acquittal of two Royal Marines charged with attempt-

ing to murder two Catholic brothers in a checkpoint shooting added further to tension in the province.

Interviewed in the Derry Journal, Mr McGuinness - who is thought to have played an important role in this year's secret contacts between Sinn Féin and the British government - said last week's declaration had to be "backed by actions." Taken alone, "for all its grand phraseology," it was "not going to solve the problems."

He warned that internment would be "a recipe for disaster" leading to another 25 years of violence.

Downing Street last night responded to Mr McGuinness's comments by reiterating that it was only interested in a permanent cessation of violence leading to a lasting peace.

Mr McGuinness's statement coincided with the IRA's "temporary suspension" of their campaign for 72 hours, starting at midnight. The IRA announces a three-day ceasefire every Christmas, but hopes had been raised that a longer ceasefire would be announced this year, to allow room for the peace initiative to gather momentum.

Britain in brief



Lenders see upturn in house prices

A recovery in the UK housing market next year, in spite of factors such as reduced real incomes because of tax increases, is forecast today by the Council of Mortgage Lenders.

The council, which represents building societies and centralised lenders such as banks, says the stabilising of house prices and the likelihood of a small rise next year, together with the reduction in negative equity and better employment prospects will boost confidence.

New chief for Arts Council

The new chairman of the Arts Council will be Lord Gowrie. He will take over from Lord Palumbo, the present chairman, in April.

Lord Gowrie, 54, was arts minister from 1983 to 1985. In 1987 he became chairman of auction house Sotheby's Europe. He is to resign this post on December 31 but will continue as a director.

During his chairmanship the Council will take over responsibility for distributing National Lottery revenue to the arts.

Broadcasting trade group

Mr Michael Heseltine, UK trade and industry secretary, has set up a branch in his department to boost UK broadcasting at home and abroad.

It is the first time that broadcasting has had a specific DTI branch to study its competitiveness and encourage programme exports. The branch, which will be headed by Mr Neil Warman, an assistant secretary, reflects Heseltine's conviction that broadcasting in all its forms represents a significant industrial opportunity for the UK.

Apart from looking at the competitiveness of Britain's broadcasters, Mr Warman's branch will also be responsible for pulling together the DTI view on issues such as further de-regulation of ownership rules and the promised review of cross-media regulations.

Decline seen in skilled labour

Craft and skilled manual jobs in the UK are expected to decline by as much as 520,000 over the 1990s, a fall of 14 per cent during the decade, a government report says.

Occupational trends and projections to 2000 have been produced by the Institute for Employment Research at the University of Warwick. The forecasts, published yesterday, highlight the increase in higher-level jobs which will require a more highly-skilled workforce. The most rapid growth is expected in the key managerial, professional and technical categories. At the same time the skills content of most jobs is increasing.

The largest proportionate fall, of 35 per cent, will be in the primary industries.

Andersen plea is rejected

The government yesterday rejected efforts by Arthur Andersen, the accountancy firm, to have its ban on public sector work lifted.

The Treasury Solicitor wrote a letter yesterday to Herbert Smith, Andersen's lawyers, rejecting Andersen's claim that the action could be in breach of European law.

The Treasury said its ban on Andersen obtaining auditing, privatisation advisory and other accounting work would remain in place while

Lloyd's revises offer to Names

By Vanessa Houlder

Lloyd's of London has revised the £900m compensation package offered to the insurance market's loss-making Names, after discovering a calculation error in its original offer.

The Lloyd's Names' Association's Working Party said that the admission of the error would further undermine Names' confidence in the offer, which it described as "an act of expediency rather than a settlement based on principle or equity."

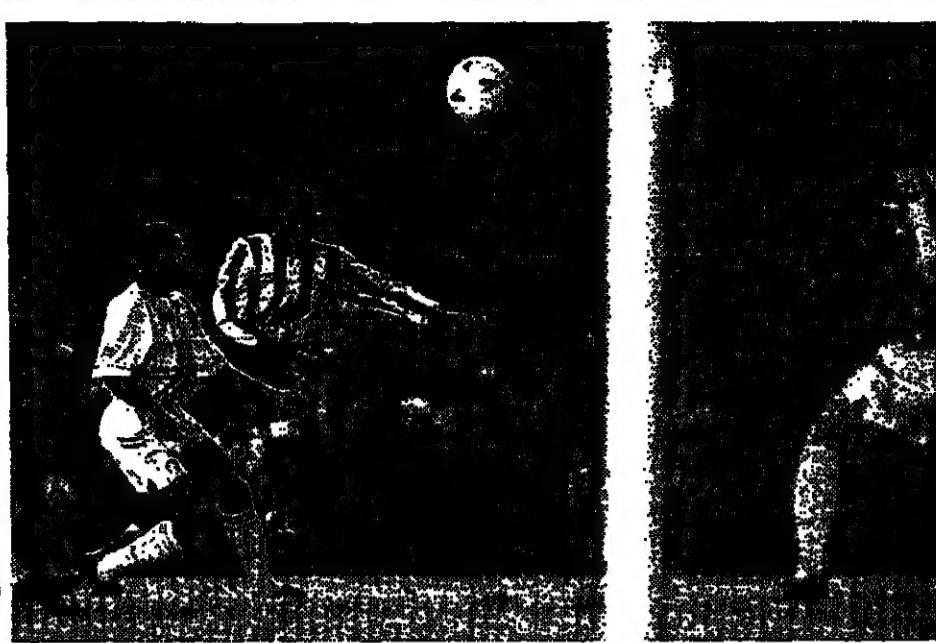
The revision involves the reallocation of £22m of the total. It will result in an increase in the offer for 13,500 Names of up to £30,000 and a reduction in the offer for 9,300 Names of up to £40,000.

Mr David Rowland, chairman of Lloyd's, described the error as "extremely galling", but said that it should not affect the outcome of the offer. "For the vast majority of people the scale of the mistake is small in quantum but it does not blemish the fact that the mistake has been made."

The Lloyd's Names' Association's Working Party said it believed Lloyd's was underestimating the size of the misallocated sum, which it believed would exceed £22m. It said the recalculation did not deal with any of its objections of principle and legal detail.

Lloyd's realised it had made an error after receiving a number of queries from action groups and individual Names. On Thursday last week it appointed Coopers & Lybrand, the accountancy firm, to check its calculations. It intends to send out the revised offer to Names mid-way through next week.

As a result of a separate error Lloyd's is reducing the £2.5m offer made to Wellington 406 by £200,000.



As Newcastle's Andy Cole was scoring against Leeds this week, his club was scoring off the pitch

'Toon Army' boost retailers

By Chris Tighe

What's black and white, costs £32.99 and keeps shop assistants very busy?

The answer is the Newcastle United Football Club strip, which will be found by thousands of native and adopted Geordies in their Christmas stockings tomorrow.

At one time football clubs expected fans to trek to their grounds to buy merchandise.

But this Christmas more than a score of clubs from the south coast to Scotland have

discovered the potential of a city-centre retail pitch. This follows a pioneering link between Newcastle United and Littlewoods, the chain-store operator.

United already had three city-centre shops of its own in Newcastle upon Tyne and nearby Gateshead, in addition to its St James's Park stadium retail unit. But when it opened a concession in Littlewoods' large Northumberland Street branch in Newcastle in August, sales far exceeded expectations. This prompted

the opening of concessions by other clubs in their local Littlewoods in time for the Christmas rush.

The Littlewoods store's Newcastle United shop, which is the size of an average living room, is currently turning over £40,000-£50,000 a week - about £150 per sq ft.

Mrs Hazel Hebron, Newcastle United's retail sales manager, says sales of club merchandise in the 1993/4 season will exceed £2m, well up on 1992/3. In just one week early this month, Club shops took £203,000.

Mobile phones in mass market breakthrough

By Andrew Adonis

The cellular phone, still widely regarded as a yuppie toy, appears to be on the verge of breaking through to the mass consumer market.

Sales of mobile phones are running faster than ever before, with a dramatic boost in the run-up to Christmas as the better-off hunt for fashionable stocking fillers.

Cellnet, the UK's second largest mobile phone operator, will connect nearly as many new subscribers to its network this month as for the whole of 1992.

By the end of the year, the UK's three mobile phone operators will have nearly 2m subscribers between them. The tally was 1.4m at the start of the year, built up over the previous eight years.

Cellnet expects to make a net increase of more than 50,000 subscribers in December, compared with 67,000 for the whole of 1992. Last December the company made a net gain of 15,000 customers.

Mr William Ostrom, Cellnet's director of corporate affairs, said: "The market seems to have reached the point of take-off: price is ceasing to be regarded as a barrier."

The pre-Christmas spurt comes on top of two months of rapid growth. In November Cellnet made a net gain of 35,000 subscribers, and in October 25,000. In November 1992 its net gain was 8,300.

Vodafone and Mercury One-2-One, the other two network operators, have not disclosed their December subscriber numbers. But last month Vodafone, the largest operator, made a net gain of 29,383 subscribers, the highest monthly increase since its service opened in 1985.

Mercury One-2-One is estimated by analysts to have about 35,000 subscribers in the London area, all gained since the launch of its network in September.

The UK's growth reflects a substantial advance for the cellular telephony industry across western Europe. According to the Financial Times' mobile communications newsletter, subscriber numbers across the region rose by 45 per cent in the year to December 1.

Growth was particularly strong in Germany, with the launch of two new national networks, and in Spain, where Telefonica, the state operator, boosted its subscriber base by 80 per cent.

UK car production rise offsets export drop

By Kevin Done, Motor Industry Correspondent

UK car production increased by 9.9 per cent year-on-year in November, as output for the domestic market rose strongly and offset the decline in production for export markets.

Both UK car output and new car sales are forecast to achieve growth next year with increases of 6-7 per cent.

In the first 11 months of the

year UK car production at 1,288,594 was 7.7 per cent higher than in the corresponding period a year ago in sharp contrast to the steep fall in output in Germany, France, Italy and Spain.

UK car output for export markets has fallen by 6.4 per cent in the first 11 months this year to 500,817, but this has been compensated by a 19.1 per cent jump in production for the home market to 787,777.

The UK has been virtually the only new car market in west Europe where demand has been growing significantly this year. New car sales in Britain in the first 11 months rose by 12.6 per cent in contrast to an overall fall of close to 15 per cent in the whole of west Europe.

According to forecasts by the SMMT UK car production is expected to rise again next year by around 7 per cent to

1.46m from 1.36m this year, while new car sales in Britain are forecast to rise by about 6 per cent to 1.86m from 1.77m in 1993.

Car production in November totalled 128,401 compared with 118,799 a year ago according to figures released by the Society of Motor Manufacturers and Traders.

Output for the home market in November rose by 77 per cent to 78,841, while production

for export markets declined by 30 per cent to 51,550.

UK car output in November was boosted by rising production from the Rover group, Jaguar and IBC Vehicles and by the build-up of production by the Japanese carmakers Toyota and Honda.

Car output has been helped by the UK industry's leading presence in the production of four-wheel drive leisure/utility vehicles.

A roaring trade where MPs trade roars

David Owen on the market for House of Commons goods and how a kiosk fills wide-ranging demand

Goods from the shop - which range from gunpowder mustard to jacquard-lined dress wallets - are also "useful for raffie prizes at constituencies", he says.

The shop's merchandise makes popular presents in hospitals

A few minutes later, a denim-jacketed Mr Calum Macdonald prepares to lug a cardboard box full of sherry and mints towards the members' staircase.

As Labour MP for the remote Western Isles, Mr Macdonald faces the problem of trying to "clamber aboard the shuttle"

with his acquisitions. He more than most appreciates the traditional MP's privilege of being able to have their orders of whisky sent direct to their constituencies. The shop's merchandise, he says, makes popular presents in hospitals and old people's homes.

Measured by sales per sq ft, this tiny souvenir kiosk outstrips all British rivals. And as with the retail trade in general, the run-up to Christmas is by far its busiest period.

On the heaviest days, Mr Jose Albas, Mr Fidel Bensergine and its other green-jacketed stewards say they can shift as many as 2,500-3,000 boxes of mints and up to 25 boxes of whisky.

According to Mrs Sue

Harrison, director of catering services at the Commons, December accounts for nearly one-third of the shop's annual sales, which total some £570,000.

It ran completely out of chocolates for a couple of days in December

This turnover figure is doubly impressive since - in the words of a recent catering committee report - there has been "a restriction on the amount of stock which can be available in the kiosk".

This year it ran completely out of chocolates for a couple of days in early December, as a

notice to customers attests. "Unfortunately, the after dinner mints, coffee creams and orange creams will not reappear before Christmas due to a manufacturers' packaging deficiency," the notice reads.

Sales are also, for the moment, generated predominantly from the 651 MPs and 3,000 or so others who work in the palace.

But proposals are afoot to change this. Subject to various approvals, a new kiosk - more easily accessible to the 800 tourists a day who tramp through the Commons - may soon be erected in Westminster Hall.

Barring hitches, the new facility could be up and running soon after next year's summer recess and in time for Christmas 1994.

There are even plans for a full-fledged visitor centre. But these are not expected to come to fruition until early in the twenty-first century.

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After filling his bulk order, the Labour MP for Newham North West explains that each year he dons his "Father Christmas hat" and gives mints and wine to those who have helped him out in his constituency advice surgery.

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The study should indicate whether the goals and objectives of EURIE '93 were met and it should support IMMG with directions for future improvement of ISON.

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Friday December 24 1993

Capitalism at Christmas

The world is about to celebrate the most capitalist Christmas in history. Never in 2,000 years has the doctrine of the free market spread so widely across the globe. Communism has been buried, socialism is in deep retreat, and even the hardest proponents of social democracy are beset by doubt. Adam Smith has vanquished Marx, immobilised Keynes, and turned many thoughts away from Jesus. As to the latter, it may be remarked that while capitalism is by no means incompatible with Christianity, the growth of individualism has been accompanied by a decline in attendance at church. Just as religion is on the defensive, so also democracy and political pluralism, two important doctrines associated with capitalism, are being taken up with less enthusiasm, and in fewer countries, than the system of wealth creation that is now everywhere regarded as the most effective that humanity has yet devised.

No known alternative stands ready for the choosing. The present strength of free enterprise is derived in part from the influence over the past 40 years of the Gatt regime, which liberalised trade and unleashed the power of free markets everywhere. The former Soviet policy, so recently a global threat, simply collapsed under the spectacle of such awesome competition. Christmas 1993 follows hard on the heels of new trade accords, which set up a successor to Gatt, and moved trade liberalisation to a higher gear. The result of the successful completion of the Uruguay Round is likely to be an acceleration of production, a greater accumulation of man-made wealth, and an enrichment of the market as the dominant economic force on the face of the planet.

Imperfect force

It remains, however, an imperfect force. Even the middle classes, who have benefited most from economic growth, are wrestling with unease. Those in jobs fear that they may lose what they have, while those outside note that however rich the super-rich may get, large-scale unemployment persists. Lower down the income scale the picture is far worse. The 1990s created losers as well as winners, as can be seen on

the pavements of New York, London and cities across Europe and the United States. In many cases the poor have become poorer, relatively in some countries, absolutely in others. About two-thirds of the world's population have gained little or no substantial advantage from rapid economic growth. In the developed world, the lowest quartile of income earners has witnessed trickle-up rather than trickle-down.

Rapid changes

The temptation is to respond by calling for a return to some of the comfortable "certainties" of the past. That would be a mistake. The poor existed under communism, and do even in Europe's most advanced social democracies. The world is changing rapidly: the Atlantic nations in general and Europe in particular face competition from the younger, harsher, more robust capitalism of south Asia. If welfare capitalism is to be sustained, its managers must find new means of controlling its cost, and minimising the cost to employers. Radical policies, centred around the notion of giving the poor a hand-up rather than a hand-out, must be pursued.

There will always be clumsy stunts, as with Britain's Child Support Agency, which pursues absent fathers for maintenance payments. Such initial difficulties should not deter politicians and economists from seeking to ensure that the fruits of capitalism do indeed reach the lower quarter of western society, as well as the global two-thirds. The evident need is to find new structures that provide accountability, transparency, choice and genuine care for those who cannot manage for themselves. New methods have to be devised at a cost that is not so high that the productive strength of the rest of the economy is drained away. This is easier said than done.

Christmas is a time when sentimentality is there to be enjoyed. But the true spirit of the festival demands that those who desire an economic success built upon something other than foundations of much misery and deprivation must return to the search for hard-headed strategies. Human economic history has not ended with the triumph of the free market. It has hardly begun.

A few stars in the east

The cry of pain and hurt pride echoing from Bosnia and the continuing conflict in Bosnia are reminders of the wrenching nature of the changes which have accompanied the end of the cold war. But four years after the summary execution of Nicolae Ceausescu, the Romanian dictator, which marked the bloody end of an extraordinary year, the overall balance sheet remains positive, by a large margin.

Even the strong electoral showing of Vladimir Zhirinovskiy should be seen in context. The Russian people, in all their diversity, were given their first opportunity to express themselves freely in a multi-party, multi-candidate election. The fact that so many expressed anger and frustration after a 75-year totalitarian nightmare and eight years of painful and disorienting disruption, without any relief in sight, is hardly surprising.

The important thing is that Russians, for the first time, now have a legal, constitutional and peaceful way of expressing their views. This is a step forward of incalculable importance for a country where so often in the past repressed popular discontent has found violent issue through the poison and the blind savagery of the mob. That said, neither Russians nor the west can be complacent when contemplating what needs to be done to help Russia and the other former Soviet states chart a course for a democratic and prosperous future.

Communist wreck

Western governments and policymakers would be well advised to listen more carefully to the suggestions emanating from those central and east European states which were militarily occupied subject nations of the late and unlamented Soviet empire only four years ago. The largely inexperienced but courageous people who emerged from the wreckage of communism to take up the challenge of re-building their distorted economies and humiliated civil societies have gained much experience in a short time. They started with an invaluable insight into the working of the Soviet system and have picked up with impressive speed the skills and know-how required to run the in-

nitely more complex structures of a modern, law-based and market-oriented capitalist society.

What their experience shows is that the necessary structural changes cannot be accomplished without a period of ultimately creative destruction. A large part of any Soviet-style economy, characterised by outsized monopoly producers, grotesquely bloated military industries, primitive banks and under-developed services of all kinds, simply has to be demolished, or drastically cut down in size. This inevitably brings with it a period of rapidly rising and potentially socially destabilising unemployment.

Harsh realities

Four years after facing up to this harsh reality, "fast track" reforming states such as Poland, Hungary and Slovenia have unemployment levels up to 15 per cent of the work force. The Czechs, with low inherited debt, a stronger industrial base and smart political leadership, have managed to prepare for resumed growth without either high inflation or high unemployment. Meanwhile, Poland has become the fastest growing economy in Europe and all the central European states, with the probable exception of Slovakia, will be producing and exporting more in 1994. All have managed the painful return to economic growth while holding multi-party elections and forming functioning parliamentary governments. In September Poland even witnessed a remarkably smooth return to power of parties with their roots in the communist past after free and fair elections.

Central Europe's experience is instructive for Russia, Ukraine and other former Soviet states where the military-industrial complex is so much bigger and structural change has hardly begun. It should also forewarn western policymakers that their top priority must be to focus on the overwhelming need to help set up and partially finance unemployment insurance and re-training safety net for the inevitable casualties of structural reform. Otherwise Russia could fall into anarchy, which would put at risk all the gains made over the past four years by post-communist Europe.



The 100th anniversary of the birth of Mao Zedong is the stuff of fairy tales and commercialism, writes Tony Walker

Making money out of Mao

One by one the great Maoist shrines have fallen, not to angry mobs bent on casting out the devils of the past, but to the power of money.

In this 100th anniversary year of the birth of Mao Zedong - he was born on December 26 - a writer to his birthplace, to his revolutionary strongholds, and to the commune that came to symbolise his most erratic phase would find that celebrations have less to do with the past than they do with cashing in on the present.

Seventeen years after Mao's death, in September 1976, which ended a decade of torment known as the Great Proletarian Cultural Revolution, his centenary has been transformed into a fantasia, even though official celebrations are lukewarm.

China's reformists seek to draw sustenance from association with this deeply flawed icon of the revolution without attracting attention to the stark differences between Mao's policies and their own.

The history of the post-1956 period, during which disaster piled upon disaster, has become a black hole. Pictorial essays, photographic exhibitions, biographical material shudder to a halt from the mid-1960s, before the "anti-rightist" persecutions of 1957, the catastrophic "Great Leap Forward" of 1958 and the madness of the 1966-76 Cultural Revolution.

But these episodes, beyond revision of even the most creative of party chroniclers, have been put aside for the moment. The anniversary makes 1993 a good news year for the party and for Mao. Thus Mao's place in the firmament is the stuff of fairy tales and commercialism.

Like tawdry Christian relics, Mao memorabilia, ranging from jewel-encrusted gold watches with the Great Helmsman's face on the dial, to cigarette lighters playing the Maoist hymn *The East is Red*, are being foisted on an eager public.

It is not the least of paradoxes that in death the man who rallied against money as the root of all evil has spawned one of the greatest cottage industries of all time. Traffic in "Maobilia" this year is certain to yield tens of millions of dollars to China's new-rich entrepreneurs.

At Shaoshan village in the green hills of southern China's Hunan province where Mao was born, the rebellious son of a well-to-do peasant grain dealer and money-lender, an oriental Jerusalem has emerged complete with rows of stalls selling trinkets. The only god is *Maobilia*.

In the Yanan resort of northern China where the communists took refuge at the end of the epic Long March of 1935-36, townspeople go about their business without much regard, it seems, for Mao's teachings. Karaoke bars, whose synthetic repertoire includes an up-tempo version of *The East is Red*, mock the austere "spirit of Yanan".

Several hundred kilometres to the east at the Dazhai commune, singled out by Mao in 1964 as a model for a communist utopia, the survivors of the zealotry that enveloped

this rural hamlet during the Cultural Revolution are quietly getting on with implementing Mr Deng Xiaoping's "capitalist-style" reforms.

Members of the younger generation are becoming factory hands in a garment plant, or workers in a joint venture cement works, or miners in the local coalmine. Unlike their poor fathers who scabbled in terraced fields to survive, the sons and daughters of Dazhai equip their wedding nests with stereophonic sound systems, refrigerators and TVs.

On walls around this village of 500 people, faint outlines of Maoist Cultural Revolution slogans survive. But superimposed are the bold exhortations of the Deng era.

Archaeologists of future generations may well track the twists and turns of 20th century China by

Traffic in 'Maobilia' is certain to yield tens of millions of dollars to China's battalions of new-rich entrepreneurs

studying wall slogans piled upon each other, and be confused by the apparent sudden shift from Mao's emphasis on collectivisation to Dengist free-market economic policy.

They might also wonder why this tiny settlement in the barren hills of Shaanxi province required a hotel with a dining room capable of seating 800 people. These days, this vast room stands virtually empty, an echo chamber to past excesses when tens of thousands of cadres, including Mr Deng himself, were trucked in to "learn from Dazhai".

Dazhai's small picture exhibition celebrating its revolutionary past includes not only photographs of such visitors as Pol Pot and Mr Lee Kuan Yew of Singapore, but also one of Deng Xiaoping, taken during his rehabilitation in 1973 before he was purged for a second time during the Cultural Revolution.

The expression frozen on Mr Deng's face in black and white is one of deep scepticism. If a picture can be more revealing than words themselves, it seems that China's future leader was saying that hysteria surrounding the "learn from

Dazhai" campaign was the last thing China needed if it was to be transformed into a modern state.

Madam Guo, Dazhai's party secretary who gained prominence in the 1960s as the photogenic leader of the "Iron Girl Squad" of peasant workers, appears uncomfortable when conversation turns to the past. Not only were the commune's production figures exaggerated, but its former headman became a tame mascot of the revolution, used by the Maoists as a theatrical prop in remorseless ideological campaigns.

"We started walking forward a bit late because we carried a huge ideological burden," she says. "Now we want to travel light... it's been a very stressful transformation."

But like government officials the length and breadth of China, Madam Guo was not about to forsake the party catechism. "I was a worshipper of Mao, I respected him very much," she declares. "He was a great man." This latter observation is the one that drops, like a mantra, most readily from official lips in this year of "Good Mao".

When asked whether Mao, like other towering figures of history, was deeply flawed, she says: "We are all deeply flawed... after all, he was human. There is no perfect human being on earth. He was a man not a god." One wondered whether such blasphemy might have been possible while the Great Helmsman was still alive.

In Yanan, some six hours' drive north of Xian, China's ancient capital, Mao's compound and those of his senior comrades from the 1930s and 1940s are deserted. Snow lies on the ground and it is bitterly cold, a reminder of the hardships that were endured during the more than decade-long Yanan period.

It was in their simple cave dwellings, cut into the hills of northern China, that Maoist ideology was tempered in long days and nights of debate and discussion. This is where Mao spent more than a decade sheltering from the nationalists. There was scarcely a more important period in the history of the Chinese Communist party.

During this time, Mao consolidated his hold on the party, directed Red Army military operations in a series of stunning victories across China, and married a saucy young actress from Shanghai named Jiang Qing.

And yet, curiously, in the quarter

of a century between 1949 and his death in 1976, Mao did not return to the place where he had spent more than a decade sheltering from the nationalists. It was almost as if he wished to avoid the memories, and perhaps even the ghosts of former close comrades-in-arms who served with him in happier days.

At Yanan's museum of revolutionary history, one of China's most complete pictorial records of the early stages of the communist struggle, many of the smiling revolutionary heroes pictured standing shoulder-to-shoulder with Mao eventually became his victims, either before or during the Cultural Revolution.

Some, like Liu Shaohui, the former president, Feng Delun, former defence minister, and He Long, the revolutionary warrior, died miserable deaths after being persecuted by

'Mao made many serious mistakes. He was a successful wartime leader, but was not so successful in peacetime'

young revolutionaries unleashed by Mao and his supporters. Even Zhu De, the brilliant Red Army commander, suffered persecution and died virtually ignored in July 1976, just two months before Mao passed away.

There was hardly one of Mao's intimate circle in the Yanan period, including Zhou Enlai, who went on to be foreign minister and premier, and Deng Xiaoping, who emerged unscathed in the post-revolution era.

Not one of those pictured in the Yanan gallery, with the possible exception of Kang Sheng, could possibly have predicted that the glorious victory in 1949 would have produced the nightmare of the decades 1956-1976. The shadowy Kang became Mao's secret police chief and evil genius behind the mass campaigns and persecutions of the Cultural Revolution.

At Yanan university, like countless institutions across China, the department of political science has been evaluating Mao's contribution to Chinese history. The results of these judgments have followed a

predictable course, adhering to the party's own assessment made in the early 1980s that the chairman had made "mistakes", but on the whole his contribution to the revolution far outweighed those errors.

Mr Feng, director of Yanan's political science faculty, perhaps came as close as any Chinese official might to an admission that more time was needed before an unexpurgated version of Mao's life and works might be possible. "The time is not ripe yet for a complete assessment," he said. "He was a very complicated man and revolutionary."

His colleague, Mr Li Xin Chang, added: "All in all Mao made quite a few serious mistakes. He was a successful leader in wartime, but he was not so successful in peacetime." There would appear to be ample scope for future Chinese historians.

In Beijing, the custodians of the Central Party Archives have been churning out Mao literature to mark the centenary, while studiously avoiding controversy. Five books have been published, including a compendium of his Selected Works drawn from Volumes 1-4 dealing with the (safe) pre-1949 period; a digest of his military speeches; a non-controversial biography of the 1933-1949 era; an idealised pictorial essay; and a sugary tribute from former associates, including his bodyguards.

Likewise, Mao's speeches captured on tapes and laser discs and distributed in their thousands to mark the anniversary do not trespass beyond the "Great Wall of Silence" of 1956. This was the year before the "Hundred Flowers Campaign" of 1957, which led to the anti-rightist purges and disastrous "Great Leap Forward" in economic policy, which left in its wake terrible famine and hardship.

Mr Wang Yuyao, head of the Mao Zedong Research Group at the Central Party Archives, was hazy about when there might be further volumes of Mao's works covering the period after 1957 to his death in 1976, saying merely that an enormous amount of preparation was required.

But the last entry in volume five of the Selected Works of Mao Zedong (published in 1977), by recalling his famous statement that "all reactionaries are paper tigers", shows that much of his thinking was not as prescient as his followers liked to believe. "US imperialism has not yet been overthrown and it has the atom bomb, but I believe it too is a paper tiger and will be overthrown," Mao wrote in November 1957. Unlike Nostradamus, Mao was not in the habit of saying when his predictions might come true.

Mr Wang made no attempt to disguise his organisation's mission in this "good news year" of the Mao centenary. "We want to make the best use of Mao's good thoughts," he declared. "Psychologically speaking, the masses would rather think of Mao in a positive way for the good things he has done for the people."

Fragile harmony when shouting stops

Letter from



CAIRO

inconstant hubbub of daily life as any other.

Indeed, it is hard to conceive of anyone enjoying a peaceful Christmas or anything else in Imbaba, where the few klaxoning cars which manage to negotiate its narrow, mud-caked streets - through the alleys, the donkey carts, the street-vendors, the mounds of rubbish and hundreds of scampering children - are barely audible above the din of people going about their business.

But the few Coptic Christians whose homes and shops are scattered throughout what one Islamic militant leader last year declared the "Islamic state" of Imbaba believe that this Christmas will, at least, be more secure than last. "It is much better than it was, the harassment has decreased," says Sabri, a 33-year-old Copt who sells spitroast chicken from a spartan grill on Luxor Street. "The people who used to insult us have been arrested - there are no more left."

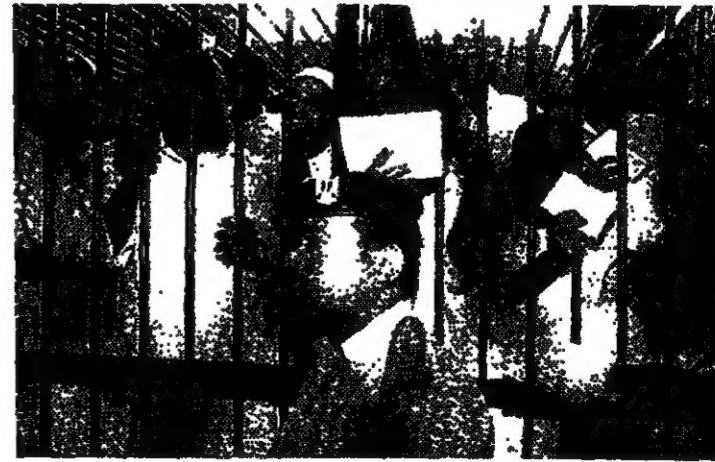
Across the road from his cafe more than 200 Christians gather in the simple Church of Jesus, men and women sitting apart in the undecorated church. It is adorned

only with three neon-lit crosses above the altar, a few ceiling fans and some dusty but inconspicuous ornate chandeliers. The priest implores the faithful to raise their eyes from their poor lot and "work not for this life, but the next". At the back, a uniformed security guard keeps vigil. State security agents materialise instantly from the crowds outside to try to deflect the curiosity of this visiting journalist.

It is such watchful eyes which will assure a safe Christmas, says Sabri. "This year we will celebrate Christmas and new year properly," he continues. "I feel we can this time. Last year the ones with beards stood outside the church - there was no feeling of festivity."

The "ones with beards" are the militant Islamic fundamentalists who lent Imbaba its notoriety as they began to tighten their grip on the million people who live in the suburb's warren of bare-brick apartments and filthy streets. Preaching an absolutist Islam and a violent defiance of Egypt's secular government, these young men attacked "un-Islamic" video shops and hair-dressing salons, rounded on Moslems who drank alcohol and forced women who were not already doing so to don the veil. "Islamic law is being applied in Imbaba," one self-proclaimed young "emir" said at the time, "and God willing, it will be applied to all of Egypt."

Up to a year ago, the militants were also harassing Imbaba's few Christians. Nobody was physically assaulted, says Sabri, but the threatening attention disturbed the



Behind bars: Moslem extremists are guarded by an Egyptian policeman

otherwise calm coexistence of the two great faiths in the suburb. It was a peace, tinged perhaps with suspicion but only rare violence, which has characterised Coptic-Islamic relations in Egypt since Islam arrived from the Arabian Peninsula in the 17th century and quickly won predominance over the Coptic (which means Egyptian) Church, founded by St Mark in 41AD.

But the surge of Islamic fundamentalism over the past two years, one rooted in growing poverty and dissatisfaction with the government, began to poison social relations in Imbaba and elsewhere. Sabri recalls how, every Tuesday night, militants would gather outside the Church of Jesus. Some would brandish swords

and knives, others would chant "kill the infidels". One night they tried unsuccessfully to torch the church.

Anis, a 50-year-old Copt whose tiny tailor shop also sits across Luxor Street from the Church of Jesus, says he feared an explosion of anti-Christian feeling. "I felt that everyone, all the young unemployed men here, would join them. If the government hadn't come in, I don't know what would have happened."

But the government did come in - mainly in an attempt to crush the cells of Islamic extremists it believed were using the central Cairo district as a base from which to launch bombings and shootings. Goaded by claims that Imbaba had become an Islamic state-within-a-

state, the government one night in December last year flooded Imbaba with 14,000 armed troops and hauled off 600 alleged ringleaders.

More arrests followed throughout January and February. The government then signalled its resolve to smash the extremists in March by launching a series of bloody raids on alleged extremist hide-outs, shooting 14 people dead in their homes. Since then, says Anis, the harassment has ceased. Gangs no longer gather to glower threateningly at the icon of Christ which adorns his shopfront. He no longer has to wash off black paint daubed over the holy image.

Life, he says, has resumed its normal flow. But Anis does not speak comfortably of the future. "If the government keeps a grip on things, then we can continue to live together," he says. "If not, then no."

The government's priority, he says, is to conquer militant fundamentalism, not to protect Christians. "Look at what is happening in Upper Egypt," he adds. He is referring to clashes between militants and Copts in the villages of Dairut and Assiut. These flared into bloody clashes 20 months ago which eventually subsided. But sporadic dozen Copts have been slain in Upper Egypt in the past two months. "The government just lets things go - the extremists kill Christians there, but they do nothing to protect them," Anis says.

Mark Nicholson

مكتبات الامم المتحدة

Perfect Christmas bliss, virtually

Louise Kehoe's diary of a 21st-century working mother fell through a time warp into the hands of the FT

I've finished my Christmas shopping at last. It's taken me hours, but Harry, my personal assistant, came up with some really great ideas. He took me "net surfing" around the world's shopping malls to find just the right thing for everyone on my list.

I even found the perfect gift for my brother, Francis, the "young man who has everything". We found a store in Tokyo selling a brand new line of calendars that automatically adjust to local time zones. I'm sure he will like it because as a network bandwidth broker - selling time on worldwide digital communications networks - he spends much of his day in international video meetings.

I asked the store to design the calendar with some original sports graphics. I'm really looking forward to seeing the look on Francis's face, Christmas morning, when he logs on to the network and finds the calendar has been downloaded on to his personal organiser.

For my husband I ordered *You're the 49er Quarterback*, an interactive fantasy game. My daughter, Beth, 16, will get a driving simulator and a new pocket video phone. My 14-year-old son wanted a virtual girlfriend. I'm not sure that I approve, but better than the human variety. I suppose. Perhaps a subscription to *Starnet*, the latest science fiction network, would keep his mind on galactic travel.

Jessie, 8, my younger daughter, has asked Santa for a "walking, talking Barbie" with long blonde hair, like her own. Harry had to scour the country to find one. It is the hit toy of the year and most stores have sold out.

I also bought a new kitchen control unit for my parents. They still use a portable personal computer to programme their kitchen and it is so much nicer to have a built-in model.

The whole family - my parents in Cheshire, my brothers and their wives and children in various parts of the UK and my sister, who is working on a big computerised library project in Spain - will all be gathering "virtually" for Christmas dinner, via video links. Harry arranged the whole thing for me via *DinersNet*. We chose the traditional holiday package: turkey and all the trimmings. The food will

be delivered to our homes on Christmas eve. Harry has E-mailed the cooking instructions to everyone's chief assistants so that their kitchens will be pre-programmed.

As a surprise I arranged for live Christmas trees to be delivered along with the food. These days most people have hologram trees, but to me there is nothing quite like the real thing, even if it does mean cleaning up pine needles.

We booked the video links months in advance. It is still expensive, but the price is coming down by the month. In any case, I wanted to put our new "life size" displays to use. We just had them installed in the dining room, so we will literally be surrounded by family members for Christmas dinner.

This will be the first Christmas that we have all been together for years. No doubt there will be a lot of reminiscing. Mum is sure to bring out her collection of old family photographs. Her grandchildren have a hard time believing that we used to snap pictures with little hand-held cameras and then take the film to a photo-

graph developer, waiting for hours or days to get back a set of prints.

These days it's all digital imaging. We can play back Christmas dinner over and over if we choose, or capture a special moment and record it on a wallet-sized smartcard that plugs into any display terminal.

The youngsters have no idea what we used to go through getting ready for Christmas: fighting the traffic and tramping through shopping malls to buy presents and then spending most of Christmas day in the kitchen fretting over the turkey.

The information highway changed all that. By the mid-1990s TV shopping was already very popular. Then electronic catalogues stored on computer discs came along. Now you can access almost any shop on the planet and arrange for express delivery of goods. It makes life so much easier.

But I would be lost without Harry. He's my right-hand man, my network guide; a sort of Jeeves character, like



a family butler. I designed his personality myself, choosing attributes from an electronic directory. His facial image was created automatically to match. They say that the personality of your digital assistant tells a lot about your own character.

I'm rather old-fashioned. For example, I still like to read newspapers printed on paper. That is considered rather eccentric these days. Of course, I also have my multi-media text, graphics and video "personal news-source" downloaded to my office screen every morning, with news that relates to my business. But I enjoy flicking through the pink pages, just for old times' sake. Besides, even the best news assistants don't always

pick out everything that might interest you.

For instance there was a ghastly story in yesterday's paper about a virus, called *Homewrecker*. It got into somebody's home and caused havoc with the environmental controls. The heating system blew up, the refrigerator defrosted and water pipes burst. It is hard to believe that the security sensors would not have picked something up, but I imagine they must have been disabled by the virus. I must ask Harry to run an extra virus scan on our home network.

So much for the wonders of home automation. Harry says I shouldn't read "paper news" because it always

stresses the negative aspects of the "information age". Of course, he would say that. He's digital.

I'm not one of those "anti-tech" types, but I do have some reservations. I'm not convinced that information technology is always good for the environment. Electronic communications have vastly reduced the use of paper, but the average consumption of electricity, per household, is climbing. And with the paper industry in decline, there is little incentive for companies to maintain the forests they used to harvest. The ecological impact of technology is becoming very complex.

On the other hand, there is no doubt the information superhighway has created new opportunities. My daughter is studying at an on-line university and I am taking courses in multi-media production.

The biggest change, however, has been in our home life. Now we all work at home, telecommuting to our jobs. We've been able to cut back from three cars to one, but the savings have gone into financing an extension to the house for our offices.

Some people find it hard to adapt to being "homebound". It doesn't help that land travel is becoming so expensive. We can visit distant cities electronically at a touch of the screen, but transporting your body has become a real luxury.

Personally, I don't miss those super-sonic flights. I always felt disoriented when landing in a foreign country and the jet lag was awful. These days I like to take the occasional "virtual vacation" right here in my living room. Last month I took a trip on *HawaiiNet*. I just put on my swimsuit and basked in the sights, sounds and aromas of white sands and swaying palm trees. You can't beat it.

Enough of this dreaming. I must get back to writing Christmas cards. I send them on *MailNet*, which only takes a few seconds, but I like to write a personal greeting on each one.

Then we are off to see Santa Claus. Even he is electronic now. The children would never miss seeing Santa's reindeer pulling his sleigh through the sky on Christmas eve. The image is created with high-power lights reflected on a simulated cloud, but we try to keep that a secret. Not for much longer in this family, I fear. Yesterday, my daughter Jessie asked me if Santa Claus is "virtual". What could I say?

Mobile phones are still costly, but many now consider them a necessity, says Andrew Adonis

The essential connection

O reason not the need! Our basest beggars are in the poorest thing superfluous

King Lear, going mad, realised that "need" is relative. But for those beyond the stage of worrying about food and heat this Christmas, the mobile phone is fast becoming a basic necessity on a par with the freezer and the microwave.

With Cellnet, the UK's second-largest mobile phone operator, connecting almost as many new customers to its network this month as in the whole of 1992, mobile phone sales are increasing exponentially. By new year, the UK's three operators will have a total of nearly 2m subscribers.

Already the mobile phone is more than a yuppie toy or business accessory. West Yorkshire Police has lent 75 mobile phones to victims of domestic violence for use in emergencies; for safety reasons South-west council in London equips most of its social workers with mobiles; health authorities now give them to midwives to speed communication, and have a pool for other nurses.

"The phones have made a tremendous difference," said Chief Superintendent Gary Haigh of West Yorkshire Police. "The women at risk don't feel as isolated. They can call us by pressing three digits and we know exactly who they are even if they can't speak."

A survey by Ms Joyce Wood, a visiting fellow at Sussex University, shows that the popular image of mobile phone users as swanky businessmen no longer tells the whole story. Growth areas include vulnerable groups and blue-collar workers who deal directly with customers.

Since the launch of the mobile phone in the mid-1980s, self-employed mobile workers have been prime customers. Next year's north London *Yellow Pages* directory of business telephone numbers gives mobile numbers for 30 plumbers, for example - up from 16 this year. "It's business," said a self-employed taxi driver in central London. "You don't have a mobile, and you lose jobs to others."

Now, according to Ms Wood, large companies are also equipping their mobile staff - such as gas fitters or railway officials - with handsets. The stereotype is being turned upside down. And though the number of "non-professional" users is still small, the fact that mobile phones are being seen in the hands of ordinary people is vital to creating a mass market.

But however ordinary they become, mobile phone sales will still depend on price. At the moment, the cost is prohibitive for most people. Mercury One-2-One, the new cellular network covering the London region, has done more than any other operator to popularise the mobile phone, with free local calls in the evening for non-business subscribers. But to get free calls requires a handset costing at least £350, a £23.50 connection fee, and a £14.70 monthly subscription - a total of £550 in the first year before a single

call has been made.

Nevertheless, among the more affluent, attitudes are clearly shifting away from the idea that a mobile phone is a luxury. The Carphone Warehouse on London's Marylebone Road has been packed this week with the well-heeled, claiming they had to have a mobile phone to do their job or move about safely.

"For me it's pretty well essential," said Mr Nick Saunders, a business consultant from north London who commutes to Surrey. "I'm buying one for myself and one for my partner for Christmas: with the crime rate going up, I don't like her doing long journeys in the car alone."

Most of the others in the shop were men, on high salaries, buying mobiles for Santa to pass on - "though Christmas is just the excuse for spending the money now", said an oil broker. One female investment banker was splashing out on the most expensive phone in the shop (£400) for her husband's stocking. "But I figure I'll get to use it more than him, so it's a bit self-interested."

Mr Charles Dunstone, Carphone Warehouse's 28-year-old managing director, started the business four years ago with £25,000 and a tiny office. Now he has 115 employees, owns a mail order business and 17 shops - mostly opened this year - and is one of Capital Radio's biggest advertisers.

"The yuppie stigma is fading fast," said Mr Dunstone. "Since Mercury One-2-One got going with the free calls, our inquiry lines have been jammed - and many of those who think they can't afford one now will be in when the next round of prices comes along."

The location of Mr Dunstone's other stores in London sums up the state of the mobile phone market: Harrods, Moorgate, Fleet Street, King's Road, Watford, Croydon, Staples Corner and Thurrock - the first four in upper-middle or City locations, the latter four in middle-brow commuting towns. Across the country, the picture is similar.

In an effort to broaden the market network operators are competing to offer attractive tariffs for infrequent users. There is room for growth: the 2m mobile phones in use compare with more than 20m BT lines. Handset prices are also falling fast: one dealer in Surrey - Sell Phones Direct - is selling them for 99p, if the customer pays the subscription charges. With a fourth national network, Microtel, to be launched next year, the price war will only hot up.

Meanwhile, for those who need the latest and most expensive, a digital network has been launched by Vodafone, the largest UK operator, which allows users to make mobile phone calls across Europe. The cost in the first year of buying and running the phone, before making calls, is about £850. One of Mr Dunstone's first customers for the new network was industrialist Lord Hanson. No doubt he finds it essential.

* Available from SPUR Publications, Sussex University, Falmer, Brighton BN1 9RF, 250



Unless you pay particularly close attention to the small print in the newspapers, you probably won't know who Faruk Catibusic is.

Seven-year-old Faruk was among the six children and one adult evacuated from central Bosnia this week for urgent medical treatment in the UK as part of Operation Angel. He is now in the Midlands Centre for Neurosurgery in Smethwick, recovering after an operation to remove shrapnel from his brain.

Rather more familiar will be the name of Irma Hadzimuratovic. Irma's evacuation from Sarajevo became the subject of worldwide interest in August after Mr John Major, UK prime minister, intervened to offer the gravely injured girl a hospital bed in Britain.

Mr Major's intervention sparked a much bigger evacuation drive, dubbed Operation Irma, to airlift people needing medical treatment from Bosnia to the UK, Sweden, Ireland, the US and several other European and Islamic countries.

Newspapers devoted their pages to report on the plight of children and other non-combatants in the former Yugoslav republic. TV and radio news bulletins led on little else for much of the week.

Yet this week's Operation Angel evacuation has received only cursory coverage in the UK media. The tabloid newspapers have given at least as much space to the video link-up between governing ministers in former Yugoslavia and their families at home.

The contrast between the

John Willman examines political capital and human suffering

Mercy's short shelf-life

Two evacuation operations could hardly be more striking. The first came in the middle of what is known as the "silly season". With most politicians on holiday, there is often little of substance to report in August. A human interest story can attract much more attention than at busier periods of the year.

So it was with the case of "little Irma" as the wounded child became known. The five-year-old had suffered head, stomach and spinal injuries at the end of July in a random mortar attack by the Bosnian Serb army laying siege to Sarajevo. Her mother had been killed, and Irma seemed unlikely to recover from her injuries in primitive hospital conditions.

The main stumbling block to her evacuation was the shortage of hospital beds available in other countries. Between April and August, only 90 people were evacuated from Bosnia on medical grounds.

But a Sunday evening news report of Irma's plight on BBC television began to open doors. As calls poured into Downing Street, Mr Major ordered an RAF Hercules to bring back Irma, her father and sister. By Monday evening, Irma was in London's Great Ormond Street children's hospital, undergoing a three-hour operation.

With a further 20 refugees on their way to Britain, the prime



Irma Hadzimuratovic, whose evacuation from Sarajevo became the subject of worldwide interest

minister's intervention was followed by other countries. More than 2,000 hospital beds have since been offered in more than 20 countries. Ms Sylvana Foa of the United Nations High Commissioner for Refugees says that the change in attitudes after 16 months of indifference from western countries was like "day following night". But Irma and the 41 other evacuees flown out that week were not the only people to benefit. For Mr Major, Operation Irma marked a turning point in a year when good news had been in short supply.

The exit of sterling from the European exchange rate mechanism, the battle to ratify the Maastricht Treaty, the slow economic recovery, and hefty tax increases announced in the spring Budget had culminated in two Tory by-election defeats in the formerly safe seats of Newbury and Christchurch. The prime minister could now bathe in the approbation of those who welcomed the lead he had given through this humanitarian gesture.

The goodwill generated by Mr Major's intervention on behalf of the Bosnian refugees

was, however, dented after it was reported that Downing Street was unhappy with the preponderance of adults in the airlift. The UNHCR's Ms Foa says it appeared Mr Major wanted to see photographic children rather than the adults who made up the bulk of the needed evacuation. She accused Britain of using Sarajevo as a "supermarket".

Further criticism followed about the preference of western governments for high-profile evacuations of sick children over more basic, cost-effective aid to those treat-

ing the injured on the ground. Even the families of the evacuees called for international military action to stop the fighting which caused the suffering, rather than palliative rescue missions.

Four months on, the plight of the people of Bosnia no longer catches the attention of the public or the media. Christmas has its own silly season, but it tends to focus on domestic concerns. Charities can raise money for the homeless in Britain, but know that it is a bad time to involve the public in suffering in far-off countries.

The success of the rock singer Bob Geldof's "Do they know it's Christmas", the Band Aid record that raised £8m for Ethiopian famine victims in 1984, was the exception that proved the rule.

Most of the politicians who jumped on the bandwagon of Operation Irma now want Bosnia's government to accept the settlement brokered by Lord Owen and Mr Thorvald Stoltenberg, the international mediators. Mr Major, over the worst of his troubles, looks instead to peace in Northern Ireland - a much greater prize in UK political terms.

As for Irma Hadzimuratovic, she remains in intensive care on a ventilator in London's Great Ormond Street hospital. Like Faruk Catibusic and the 40 other evacuees brought out of Bosnia since August, Irma is the beneficiary of intense media interest in individual suffering. But thousands more are stranded in the middle of a civil war which sees no sign of an early end.

Equity scheme balances interests in insolvencies

From Mr Philippe Aghion, Mr Oliver Hart and Mr John Moore

Sir, The recent consultative document published by the Department of Trade and Industry's insolvency service has raised the general question of how best to rescue financially distressed companies. While we welcome the idea of improving the rules governing administration and company voluntary arrangements, we think there is a fundamental problem with current procedures that no amount of tinkering will solve.

Current procedures mix the decision of what should happen to an insolvent company with the decision of who should get what. This creates conflicts of interest. Senior secured creditors typically favour early liquidation, since they bear most of the costs from trying to reorganise the company, but junior creditors typically push for reorganisation as they get little from liquidation. This conflict of interest makes it difficult to

agree on a rescue plan. As a result, good companies can be needlessly shut down and some bad companies may be allowed to struggle on for too long.

There is a way to avoid conflict among creditors. As an appendix of the DTI document, we propose a scheme whereby debt claims are converted into equity. The decision about whether to reorganise or liquidate is then put to a vote. The merit of our scheme is that all claimants, now that they are shareholders, have a common interest in voting for the efficient outcome.

We urge the government and interested parties to think more adventurously about the reform of insolvency law. We believe our scheme is practical, cheap, and strikes the right balance between rescuing good firms and weeding out bad ones. Philippe Aghion, Nuffield College, Oxford; Oliver Hart, Harvard University; John Moore, London School of Economics

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Entente not cordiale this Noel

From Mr Philippe Combin

Sir, Mr Michael Thompson Noel suggests to French people that "they must ditch their dead language". The contents of his feature ("English yes, French no", December 18/19), which can be quoted as a model of jingoism, is so witty that his portrait shows him to be laughing at his own jokes.

Mr Thompson Noel (should I say Mr Thompson Christmas?) is outraged by French drivers being unable to understand his gracious insults.

A "large yellow Citroën" (ask Mr Stuart Marshall, your excellent motoring correspondent, if he has ever seen a lot of this type and colour) nearly touched his Rover, "a noble and lineal descendant of the Spitfire aircraft".

Maybe he was keeping to the left side of the road as a proud Englishman should do everywhere. Anyway, it is a pity

that the Parisian driver could not appreciate it. He would certainly have replied in the language of Shakespeare and Mickey Mouse that he would have believed that Rover was now merely a subsidiary of Honda.

Mr Thompson Christmas is absolutely correct as regards speaking foreign dialects. Some stupid natives are entrenched in the belief that English is not the only key to a civilised world.

Why didn't Fellini realise that "Such a Good Life" instead of "La Dolce Vita" would have earned many dollars more? Why do Frenchmen prefer their own way of cooking instead of a "leg of lamb in mint sauce"? And why doesn't the Parthenon stand in Marble Arch?

So "cultural identity" is a farce and "Nobody on the planet... likes the French". As a Frenchman (nobody is per-

fect), I apologise for my arrogance and rudeness and I am very grateful to your writer to have taught me some English.

I was looking for the translation of what is said in the Bible about "la paille et la poutre". My Collins dictionary tells me "it's the pot calling the kettle black..."

Philippe Combin, 9 avenue Victor Hugo, 75116 Paris, France

From Mr J M Leal da Silva. Sir, I found your article "English yes, French no" unfair to French as a language and, by extrapolation, to all other non-American speaking peoples.

Best regards and a Merry Noel.

J M Leal da Silva, PO Box 23, P-2321 Barreira, Portugal

Rights need safeguarding

From Mr Derek H Broome

Sir, Mr Iain Saville (Letters, December 17) misses the point in his reply to Mr J D Whittle (Letters, December 11/12) with regard to the impact of the proposed Crest share settlement system.

Most of us would welcome the chance to get rid of all those bits of paper that are processed in the City and at registrars, provided that our rights as shareholders were safeguarded. We are now being asked to surrender these rights or pay extra, and have to keep certificates as well.

Crest is protecting the position of redundant registrars and operators of nominee accounts at the expense of private shareholders. Why? Derek H Broome, Potters End, Meters Ashby, Northampton NN6 0DZ

Nothing to crow about

From Mr Bruce V Jones

Sir, Your choice of cock-fighting for an article was disturbing ("A life of sex, food and fighting", December 18). It gave a favourable, even enthusiastic, description of the "sport".

If your writer had expressed misgivings, or attempted to explain why such practices are banned in civilised countries, there might have been some mitigating circumstance. To describe death in 30 seconds as lacking in cruelty and comparable with a commercial poultry operation, shows a serious lack, or deliberate denial, of knowledge of both physiology and the poultry industry.

Apart from the fact that death is not always instantane-

ous, additional pre-flight preparation by live plucking of leg feathers and other noisies were overlooked. The issue is not only that of needless cruelty to a sentient being, but the consequent brutalising of the participating audience, including, I suggest, your writer.

The UK has a much respected image for its positive attitudes to animal welfare. Your author does nothing to strengthen this perception and can only tend to make it difficult for those of us who work in the international livestock and animal health markets. Bruce V Jones, managing director, Vivash-Jones International, Down Ampney, Cirencester, Gloucestershire GL7 5QW

Hong Kong: flawed perception

From J W Hoe

Sir, The leased territories in Hong Kong must be returned to the landlord, the People's Republic of China. If Britain feels morally responsible for the sub-tenants, the people of Hong Kong, then it should provide another place of abode the

those of them who do not wish to live directly under the rules laid down by the landlord.

Any other action is an admission of flawed moral perceptions. J W Hoe, 17 Queen's Road, Singapore 1025

COMPANY NEWS: UK

£45.8m debt-for-equity swap and placing and open offer for £30m

YJ Lovell restructures finances

By Tim Burt

YJ Lovell (Holdings), the builder and property developer, has announced a capital restructuring. The agreement followed negotiations lasting more than a year with six banks, four building societies and one US lender.

Lovell's creditors have agreed to a £45.8m debt-to-equity swap and given the go-ahead for a placing and open offer.

The restructuring, expected to inject £30.6m into the balance sheet, will reduce gearing from about 400 per cent to 29.5 per cent.

Mr Antony Hitchens, chairman, said without a radical reorganisation the group "would have gone into orderly liquidation".

He added that "less than competent" managers had over-extended the company in the 1980s. The group has endured three successive years

of large pre-tax losses since 1990.

The group also announced that in the year to September 30 the pre-tax deficit reached £60m against a shortfall of £27m last time, restated for FRS 3. Lovell blamed the sharp decline on £55.3m in property and land write-offs, mostly in the US.

The figures were further depressed by interest charges of £5m (£7.7m). Increased borrowing pushed off-balance sheet gearing, the debt incurred on joint venture business, up to £50 per cent.

Turnover totalled £221.3m (£274.8m) of which £207.8m (£244.5m) related to continuing core activities. Losses per share came out at 71.2p (30.4p) and the final dividend is again omitted.

Hoping to shed some light on the results, Lovell said its core businesses reported an operating profit of £368,000 although

this was down sharply on a £16.3m gain last time.

Faced with few signs of an imminent upturn in the property market, Mr Bob Sellier, chief executive, said the company would be reducing its US operations and hinted at UK disposals.

He predicted it would compete more effectively once the capital restructuring, placing and open offer had been completed.

Under the restructuring, Lovell's principal creditors have agreed to swap £45.8m of debt for 45.8m convertible preference shares. The banks will be able to take ordinary shares at 12½p once the issue has been fully completed in two years' time.

Separately, Lovell is placing 316m new ordinary shares at 10p to raise £29.7m net of expenses. The open offer has been made on a 19-for-5 basis for existing shareholders.

The company has agreed to

reduce the nominal 25p value of existing shares to 1p as part of the capital reorganisation and then consolidate them into 10p shares. It will also effect a capital reduction to eliminate the deficit on the profit and loss account.

The banks have also agreed to further borrowing of £37.5m, made up of a £25m four year term loan and up to £12.5m in working capital facilities.

Once completed the restructuring, open offer and placing will give the banks and other creditors a 49 per cent stake and new shareholders will control 40 per cent.

After unveiling the restructuring, Mr Hitchens said he would "make way for a new chairman following the reconstruction of the company's finances".

Mr Trevor West, finance director since 1989, is to take early retirement.

The shares closed down ¼p at 11½p.

Cookson pays £37m for JM's jewellery arm

By Peggy Hollinger

Cookson Group, the industrial materials group, is reinforcing its presence in the European precious metals market with the £37m purchase of Johnson Matthey's jewellery materials operations.

The move follows rumours that the two companies intended to merge their precious metals divisions. Mr Richard Oster, Cookson's chief executive, said speculation had been sparked by negotiations for yesterday's deal.

Cookson will pay £17m in cash for the operation, based in Dublin and Birmingham, which sells semi-finished gold, silver and other precious metals to jewellers, dentists and the electronics and electrical industries. A further £20m will be paid for the precious metal.

The business, which had sales of £44m in the year to March 31, will be combined with the recently acquired Knight Stern company.

Mr Chris Clark of Johnson Matthey said the proceeds would be used to reduce debt, which was about £130m in September. Jewellery materials did not fit the company's strategy, he said. Nor had it achieved the required 20 per cent return on net assets.

Mr Oster said Cookson would increase the return by improving efficiency and bringing technological expertise from its Stern Leach Jewellery materials business in the US. Last year, Cookson had achieved returns there of about 35 per cent on assets.



Non-executives: Sir Robin Baggam, left and Lord Hesketh

BAe names four new directors

British Aerospace has added four new names to its board of directors in a move to strengthen the management team ahead of the departure of Mr George Simpson, deputy chief executive and chairman of Rover, the company's car building business, writes Daniel Green.

Mr Mike Turner, chairman and managing director of BAe's regional aircraft divi-

sion, and Mr John Weston, chairman and managing director of the defence business, are joining as executives.

Lord Hesketh, former government chief whip in the Lords and minister of state in the Department of Trade and Industry, and Sir Robin Baggam, chairman of BICC, the cable and construction group are to become non-executives.

In October, Lord Hesketh

became a non-executive director of Babcock International, the engineering contractor.

BAe said Mr Simpson was expected to leave by April and would join Lucas, the engineering company, as chairman. A successor had not yet been chosen. The new appointments take the number of BAe board members to 14, a figure last reached in 1988.

Tomkins reassures shareholders over currency hedging arrangements

By Maggie Lury

Tomkins, the diversified industrial group, has written to its institutional shareholders and to stockbrokers' analysts describing its policy on currency swaps. It uses the swaps to hedge the currency risk on its overseas assets.

The group, which has about half its assets outside the UK, mostly in North America, has met some criticism for using swaps which create off-balance sheet assets and liabilities.

Some investors fear that Tomkins could be exposed to large "invisible" liabilities. They recall that Allied-Lyons, the drinks and food group, lost £150m in March 1991 by speculating on the dollar.

Tomkins believes the criticism stems from a misunderstanding of its currency swaps and the tight management controls it has instituted, which were lacking in the Allied-Lyons case. It hopes to clear up this misunderstanding through its letter.

Swaps are set up between two parties wishing to clear up this misunderstanding through its letter. Swaps are set up between two parties wishing to clear up this misunderstanding through its letter. Swaps are set up between two parties wishing to clear up this misunderstanding through its letter.

Because Tomkins uses such swaps to hedge its assets, if the exchange rate moves so that it

loses on the swap, it will automatically make an equivalent gain on the assets.

Tomkins' annual reports show the fluctuations in its net assets due to foreign exchange movements have been minimal. Other companies have suffered relatively larger falls.

In addition, Tomkins usually receives income from its dollar-denominated swaps, which amounted to £10.6m in the year to end-April 1993, which it discloses each year.

Most companies with subsidiaries overseas match the assets with a similar amount of debt. However, Tomkins has always preferred to be unencumbered. If it borrowed in dollars to match its dollar assets it would then have surplus cash to invest in the UK. Hanson, the Anglo-American conglomerate, has taken this route and made money on the interest differential between dollars and sterling.

In its letter Tomkins said it used to follow this policy but

found it "ballooned" both sides of the balance sheet, which Mr Ian Duncan, finance director, said made the balance sheet unrepresentative of the underlying business.

Further there is a concern that the US tax authorities are increasingly unwilling to allow US subsidiaries to offset interest on an abnormal amount of debt against US profits since this reduces the tax take.

Tomkins said it takes a number of steps to minimise risk. It has a number of swaps running at any one time, it only deals with counter-parties with strong credit ratings, the swaps are "marked to market" every 90 days, and Tomkins re-evaluates its exposure to each currency to within £500,000 each month so that it is never significantly over or under-hedged.

Mr Duncan supervises the swaps, and the banks the group deals with are instructed to check with him before Tomkins' treasury staff can arrange any unusual deals.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Company dividend	Total for year	Total last year
Dunelm Int Trust	3.375	Feb 28	3.375	8	7.95
Kelsey Inds	5	Mar 9	5	8	13

Dividends shown pence per share net.

1994 whether forecast.

Special New Year's Day edition. Weekend FT.

On Saturday, January 1 the Financial Times will publish a special issue of the Weekend FT, "News from the New Year," which looks at the year ahead.

Whether the world will prosper or flounder, whether we should gear up or batten down, and whether we will enjoy it or endure it.

It will also include everything you would normally expect from the Weekend FT: sport, property, travel, fashion, motoring, TV, food and drink, gardening, books and the arts.

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You never know what might happen, if you don't.

Weekend FT.

British Gas in Belgian bid talks

British Gas has emerged as one of the potential bidders for the Belgian government's 50 per cent stake in Distrigaz, the monopoly gas transportation and storage company in the country, writes Robert Corzine.

The company declined to comment on whether it would make a bid, although it said that it "was watching the situation very closely."

The Belgian government's interest in Distrigaz is held through NDM/SNI, the state holding company which includes businesses ranging from publishing and television distribution to paper and textiles manufacturing.

It is not clear whether British Gas would be able to bid only for Distrigaz. Other potential bidders include Tractebel, Bayernwerke of Germany and the Conoco oil subsidiary of DuPont, the US chemicals company.

Distrigaz operates 3,400 km of pipelines in Belgium and Luxembourg, compared with the 17,900 km network run by British Gas in the UK.

Setback for Rothmans' plans

Rothmans International's plans to merge its tobacco interests in Malaysia, Singapore and Hong Kong into a single regional company have suffered a setback.

A meeting to seek approval from shareholders in Rothmans Malaysia - 50 per cent owned by the group - had to be adjourned after one large shareholder asked for more time to consider the proposals which it fears may dilute its stake. The meeting was postponed until December 31.

The merger, already unanimously agreed by shareholders in Rothmans Singapore, requires the approval of 75 per cent of public shareholders in the Malaysian company.

Rothmans International, which would receive a special dividend of about £100m if the merger goes ahead, said the restructuring would concentrate resources on a more effective exploitation of cigarette markets in the Pacific Rim.

Beverley £4m sale to Villiers

Beverley Group, the engineer, has entered an agreement to sell its Gail Thomson Marine offshoot to Villiers, the USM-traded company formerly known as Caspen Oil, for up to £4m in cash and shares.

In October, Beverley agreed to sell the subsidiary to Seal and Industries, a wholly owned offshoot of VSEL, for £3.5m. That agreement was rescinded yesterday with Beverley contributing £40,000 to Seal and's costs.

In addition to the increased consideration, Beverley, formerly known as Petrocon, will

benefit from the profits generated by Gail Thomson in November and December which Beverley estimates at about £125,000.

The sale proceeds represent a surplus over net book value of some £3.93m and will be used to repay borrowings, reduce creditors and improve gearing. Beverley is also disposing of Engineering Surveys, a loss-making surveying business, a freehold property in Suffolk and its head office building.

Beverley's shares added ¾p to 8p.

Expamet warns of second half loss

Expamet International, the building, industrial and security components supplier, has warned of pre-tax losses in the second half of its year to the end of this month. Its shares fell 1½p to 58p.

A deterioration in sales and margins in some of its continental European activities has necessitated reorganisation costs of £2.1m, including £1.7m of redundancy charges. It will also be making a £1.8 provision against property holdings.

The company said that excluding the costs, to be taken as exceptional charges, second half pre-tax profits would be about the same as the first half's £1.95m.

Mr John Roberts, chairman, said the annual saving of the redundancies would be more than £3m but only about £1m would benefit the present year.

IBM exercises Tadpole warrants

International Business Machines has exercised its warrants to subscribe for 2.23m ordinary shares in Tadpole Technology.

The warrants were exercised by IBM on December 17 at the exercise price of 66p per share.

Net proceeds received by Tadpole from the exercise of warrants after payment of expenses are estimated to amount to £1.44m. Tadpole intends to apply these proceeds for its general working capital requirements.

Abbey Panels cuts deficit to £1.38m

Abbey Panels Investments, the Coventry-based engineer, reported reduced pre-tax losses of £1.38m for the year to September 30, against £1.82m.

Turnover slipped from £12.4m to £12.3m.

After a reduced tax credit of £107,000 (£510,000) losses per share came out at 63.53p (65.54p).

SCT disposes of 0.69m Oak shares

Second Consolidated Trust is selling 40.4 per cent of its 10 per cent holding in Oak Industries, a Boston-based electronics group.

The 693,306 shares, of which 266,827 were acquired through the exercise of warrants, are being sold at \$14.50 (970p) each and net proceeds will be about

\$9.3m before allowing for the cost of exercising the warrants.

Following the sale SCT will hold 1.02m Oak shares. Also, SCT will receive \$6.5m from the repayment of a loan to Invesco, the fund management company, secured on Invesco's shares in Oak. Invesco announced on Wednesday it was selling its 4.6 per cent stake in Oak.

Waterford Foods £10m pref placing

Waterford Foods, the Irish dairy group, is raising some £9.9m (£9.4m) net of expenses through the placing of 10m cumulative redeemable preference shares of 5p each at a price of £1 apiece.

The shares will carry the right to a fixed cumulative annual dividend of 7.5p per share. The funds raised will be used to reduce bank borrowings.

Ascot property sold for £5.5m

Ascot Holdings has completed the sale of its freehold property Centre 27, Southampton, to Associated British Foods Pension Trustees for £5.5m cash, thereby reducing Ascot's borrowings.

Danae Trust net assets improve

The net asset value of the capital shares of Danae Investment Trust improved to 71.11p at November 30, against 58.6p at the May year end and 45.48p at the interim stage last year.

The value per income share stood at 51.68p at November 30, unchanged from its level six months earlier and down slightly from 51.79p a year ago.

Net revenue for the six months to the end of November increased to £273,653 (£228,188). Earnings per income share rose to 3.76p (3.24p) and a same again dividend of 3.76p is declared.

Silvermines in bid talks with Molynx

The directors of Silvermines have confirmed that the Dublin-based electrical and property group is in talks with Molynx Holdings, the closed circuit television, security and building energy management systems maker, which could lead to a merger of the two companies.

If agreed, the merger could take the form of an offer by Silvermines for Molynx or of offers for both companies by a new company.

Kelsey shares fall despite turnaround

Shares in Kelsey Industries fell 25p to 230p yesterday despite the company returning to the black in the year to September. Pre-tax profits were £212,000 (losses £307,000) on turnover of £48.7m (£41.4m). Losses per share were 12.3p (16.2p). A same-again final dividend of 5p gives an 8p (13p) total.

Cairn makes New Zealand disposals

Cairn Energy, the independent oil and gas exploration and production company, is to dispose of certain New Zealand exploration and production interests including the Ngaturo oilfield, for £1.7m cash.

Cairn's 12.35 per cent interest in licence PPL38706 and its 5.34 per cent in licence PPL38701 will be jointly acquired by Petrocorp Exploration and Southern Petroleum (Obangia). Cairn retains a 28.7 per cent stake in licence PPL38702 onshore Taranaki Basin.

Hartons French disposal

Hartons Group, engaged in plastic sheet and film, is to sell its 38.7 per cent stake in VT Plastics, its French offshoot, to Decour & Cabaud, a distributor of industrial products, for an undisclosed sum.

For the 10 months to October 31 VT incurred a deficit before exceptional items of FF10.25m (£1.31m) on turnover of FF783.8m.

Ramus rights to raise £3m

Ramus Holdings, the USM-quoted building materials supplier, is calling for £3m net via a rights issue of 12.7m new ordinary shares on 9-for-8 basis at 25p per share.

Depending on the take-up, the holdings of HLF-Hume and Postal Investment Management could rise to 73.5 per cent and 7.5 per cent respectively of the group's enlarged share capital.

Ramus has also sold its freehold property at Bounds Green, north London, for £3.1m, first outlined in September.

CA Sperati rises 31% to £54.336

CA Sperati, the buttons and trimmings company, lifted pre-tax profits by 31 per cent, from £41,414 to £54,336, for the year ended October 31.

Turnover improved to £286,791 (£277,447) and after tax of £15,687 (£11,376) earnings came through at 38.05p (30.04p) per share.

Waterglade debt restructuring

Waterglade International Holdings, the property developer, yesterday said that terms had been agreed with certain of its bankers and main creditors for a restructuring of the group's debt. However, because all the banks and creditors have made their agreement conditional on new equity finance being raised, the deal has not yet been signed.

The company said it intended to send shareholders a rights issue circular in the new year which would contain full details of these arrangements.

مكتبة الامم

Battle for Paramount not over yet

COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS

LME metals trim back early gains

The base metals markets were yesterday approaching the Christmas holiday in a cautious mood, with most London Metal Exchange contracts surrendering some of their earlier gains.

Among these was copper, which dropped \$6 in the three months position to close at \$1,797.25 a tonne. But that was still \$80.50 up on balance, thanks to the strong surge on Monday and Tuesday.

Analysts were divided on whether the market's improved sentiment principally reflected short-term factors such as a downturn in LME warehouse stocks, or a fundamental change in the perceived outlook.

Mr Angus MacMillan, research manager at Billiton-Enthoven Metals, part of the Royal Dutch/Shell group thought that "the overall fundamentals of this market still remain bearish" and forecast that the stocks decline would prove to be "a temporary phenomenon", attributable to delayed shipments from the former Soviet Union and light Chinese output.

But Mr Wiktor Bielecki of Bain and Company, part of the Deutsche Bank group, insisted that "the fundamentals in the copper market are getting better all the time", with US demand up 8 per cent so far in 1993 and stocks falling at both the New York Commodity Exchange and the LME. Stocks now represented only eight weeks' consumption, he noted, which was a low level coming out of a recession.

Zinc was another market still showing gains on the week despite falling yesterday. The three months price climbed to \$1,002.50 a tonne on Wednesday as it benefited from the strength of copper, but fell \$8 yesterday to close at \$996.50 a tonne, still \$9 to the good. Traders told the Reuters news agency yesterday that

sentiment might have been dented by a forecast that Chinese zinc production could hit 900,000 tonnes next year as new smelters came into operation.

Aluminium prices, which had surrendered some of their early gains in mid-week, moved higher again yesterday, a \$4.25 rise taking the three months quotation to \$1,121.50 a tonne, up \$87 on the week.

Among the precious metals, silver once again put in the steadiest performance, the cash price closing yesterday at \$5.02 1/2 cents a troy ounce, up 4 cents on the week but 7 cents below Monday's peak. Monday had also seen the peaks for gold and platinum, \$369.80 and \$388.75 an ounce respectively. But both retreated and were showing net declines by yesterday's close. "None of the precious metals look prepared to go higher now," one trader told Reuters, "but underlying support should hold while prices consolidate."

At the London Commodity Exchange the cocoa futures market resumed where it had left off last week, with the March position extending its \$70 decline by another \$2 to reach \$904 a tonne at Monday's close.

Mr Lawrence Eagles of London broker GNI blamed the fall on "massive long liquidation of speculative positions" built up during the period of uncertainty about the health of Mr Felix Houphouët-Boigny, veteran president of the Ivory Coast, the world's biggest cocoa producer.

The peaceful hand-over of power following the announcement of Mr Houphouët-Boigny's death two-and-a-half weeks ago left the market at the mercy of the bearish developments that had been ignored during that period - heavier-than-expected arrivals from West African harvests and signs that the Ivory Coast would not, after all, be delaying the marketing of its mid-crop cocoa.

Support appeared, however, when the March price briefly dipped below \$900 on Tuesday, and by yesterday's close it had recovered to \$939 a tonne.

Richard Mooney

WEEKLY PRICE CHANGES

Commodity	Unit	1993	1992	1991
Gold per troy oz.	\$385.5	-0.7	\$382.85	\$375.05
Silver per troy oz.	\$320.00	-0.45	\$317.50	\$312.00
Aluminium 99.75 (cash)	\$1,121.50	+0.25	\$1,121.25	\$1,121.00
Copper Grade A (cash)	\$1,797.25	-0.25	\$1,797.00	\$1,796.75
Lead (cash)	\$465.00	-0.25	\$464.75	\$464.50
Nickel (cash)	\$377.50	-0.25	\$377.25	\$377.00
Zinc SHG (cash)	\$996.50	-0.25	\$996.25	\$996.00
Antimony (cash)	\$1,002.50	+0.25	\$1,002.25	\$1,002.00
Cocoa Futures Mar	\$904.00	-0.25	\$903.75	\$903.50
Coffee Futures Mar	\$1,121.50	+0.25	\$1,121.25	\$1,121.00
Sugar (UDR Raw)	\$10.00	+0.01	\$10.01	\$10.02
Barley Futures Mar	\$100.45	+0.01	\$100.46	\$100.47
Wheat Futures Mar	\$100.45	+0.01	\$100.46	\$100.47
Cotton Oats A Index	\$1.15	+0.01	\$1.16	\$1.17
West Gds Super	\$2.50	+0.01	\$2.51	\$2.52
Oil (Brent Blend)	\$13.50	+0.01	\$13.51	\$13.52

For more news, see page 12. P: Personal, C: Cash, B: Bond, F: Futures, O: Oil, S: Stock, W: Wheat, Y: Yield.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Coupon	Red	Price	Yield	Week	Month
Australia	10.00	100.02	122.5000	6.58	6.75
Belgium	8.00	100.03	117.3500	6.44	6.63
Canada	7.00	100.03	108.8500	6.88	7.15
Denmark	8.00	100.03	112.8200	6.15	6.24
France	8.50	100.03	108.8500	6.05	6.08
Germany	8.50	100.03	108.8500	6.05	6.08
Italy	8.50	100.03	108.8500	6.05	6.08
Japan	11.00	100.03	108.8500	6.05	6.08
Netherlands	8.50	100.03	108.8500	6.05	6.08
Spain	8.50	100.03	108.8500	6.05	6.08
UK Gilt	8.50	100.03	108.8500	6.05	6.08
US Treasury	8.50	100.03	108.8500	6.05	6.08
ECU (French Govt)	8.50	100.03	108.8500	6.05	6.08

London closing, "New York mid-day".
Yields: Local market standard.
C: Cash, B: Bond, F: Futures, O: Oil, S: Stock, W: Wheat, Y: Yield.

ECONOMIC DIARY - FORWARD EVENTS

TODAY: Christmas eve. Stock Exchange closes. Turkish parliament votes on 1994 budget. Mr Boutros Boutros-Ghali, secretary general of the United Nations, is scheduled to cross the border from South Korea to North Korea.

TOMORROW: Christmas day. Third hearing in trial of top BCCI executives in Abu Dhabi. United Arab Emirates. Mr Hikmet Cetin, Turkish foreign minister, pays official visit to Egypt (until December 25).

SUNDAY: Boxing day. **MONDAY:** Japan gives retail sales statistics (November); industrial production (November). Italy is due to publish budget of trade figures for November. Ms Benazir Bhutto, prime minister of Pakistan, starts visit to China (until December 29).

TUESDAY: US publishes figures for consumer confidence in December. Japan issues consumer price index (national); unemployment rate. Norway is expected to announce figures for unemployment during

WEDNESDAY: US publishes figures for leading indicators and export/import price indices.

THURSDAY: British Banking Association publishes monthly figures for mortgage lending by the major British banking groups during November. The Department of Trade and Industry issues statistics for energy trends in October. US announces new home sales figures. Mr Kenneth Clarke, chancellor of the exchequer, is expected to pay a visit to Indonesia.

FRIDAY: The Central Statistical Office publishes the monthly digest of statistics (December) and economic trends (December). Spain announces statistics for its trade balance during November. Belgian presidency of the European Union ends. Greece takes over on January 1. Publication of the New Year Honours list. The ruling high council in Algeria is due to step down to be replaced by an as yet undetermined presidential authority.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Unalloyed Metal Trading)

■ ALUMINIUM, 99.75 PURITY (\$ per tonne)

Close	1103.5-04.5
Previous	1089-90.5
High/Low	1117-11.5
AM Official	1124-11.5
Kerb close	1124-24.5

Open int. 270,886

Open int. 29,191

■ ALUMINIUM ALLOY (\$ per tonne)

Close	972-74
Previous	969-71
High/Low	994-96
AM Official	994-96
Kerb close	994-96

Open int. 2,806

Open int. 1,233

■ LEAD (\$ per tonne)

Close	464.5-65.5
Previous	473-74
High/Low	468-70
AM Official	468-70
Kerb close	468-70

Open int. 32,284

Open int. 11,993

■ NICKEL (\$ per tonne)

Close	5275-50
Previous	5253-58
High/Low	5340-5290
AM Official	5340-5290
Kerb close	5340-5290

Open int. 49,754

Open int. 5,845

■ TIN (\$ per tonne)

Close	4819-20
Previous	4795-20
High/Low	4845-55
AM Official	4845-55
Kerb close	4845-55

Open int. 16,828

Open int. 4,198

■ ZINC, special high grade (\$ per tonne)

Close	976.5-77.5
Previous	964.5-5.5
High/Low	1002-03
AM Official	1002-03
Kerb close	1002-03

Open int. 88,316

Open int. 39,905

■ COPPER, grade A (\$ per tonne)

Close	1773-74
Previous	1773-74
High/Low	1801-1794
AM Official	1801-1794
Kerb close	1801-1794

Open int. 708,381

Open int. 56,194

■ LME AM Official 2 1/2 rate: 1,500

■ LME Closing 2 1/2 rate: 1,500

Spot 1,500 3 mths 1,495 6 mths 1,493 9 mths 1,482

■ HIGH GRADE COPPER (COMEX)

Close	345.5-5.5
Previous	345.5-5.5
High/Low	345.5-5.5
AM Official	345.5-5.5
Kerb close	345.5-5.5

Open int. 20,853

Open int. 2,728

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (troy oz.) \$ price £ equiv.

Close	385.50-385.70
Previous	385.50-385.70
High/Low	385.50-385.70
AM Official	385.50-385.70
Kerb close	385.50-385.70

Open int. 257,287

Open int. 256,343

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CURRENCIES AND MONEY

MARKETS REPORT

D-Mark gains despite continuing US recovery

The D-Mark gained yesterday against the dollar in spite of economic data signalling a continuation of the strong US recovery, writes Peter Marsh and Emma Tucker.

The French franc was also moderately strong against other important currencies, rounding off a better-than-expected year for the French currency.

In this holiday trading, the dollar found few buyers, in spite of data indicating durable goods orders rose 2 per cent in November, above market forecasts.

After hitting DM1.693 in European trading, the dollar gained slightly by the close but only to DM1.695, down nearly a penny on the previous night's finish.

The franc was steady against the D-Mark as French Economy Minister Edouard Balladur told a news conference the government would not hesitate to take further steps to help stimulate growth, if that

was necessary. The French franc closed last night little changed against the German currency at FF4.406.

In other parts of Europe, the Austrian central bank announced a cut in its GOMEX money market intervention rate by 10 basis points to 5.6 per cent from December 27, while the National Bank of Greece said the bank would reduce its deposit rate by 1 percentage point to 16 per cent in the next few days.

There were few buyers for sterling as dealers, reluctant to take positions over Christmas, quoted prices defensively.

In spite of this, the pound held its ground against the D-Mark in late European trading, and gained against a generally weaker dollar to break through

the psychologically important \$1.50 barrier.

It closed in London up 1/4 of a penny at DM2.5475, with analysts yesterday predicting that at least in the short-term, there was little upside left for the pound. Against the dollar it closed at \$1.5040 against the previous day's \$1.4950.

announced that from January 20, it would introduce a new, permanent sale and repurchase agreement, or repo, to relieve money market shortages.

The move to the permanent repo still depends on consultations currently under way with banks and building societies, but follows on from the special facilities that were originally

required after Black Wednesday last year to help offset the exceptionally large money market shortages that arose from the settlement of official foreign exchange transactions.

In the meantime, the Bank said it would offer temporary facilities to take effect from January 5, maturing on January 20, to replace the outstand-

ing January 5 maturing repo. On the money markets, the overnight rate slipped as low as 3/4 per cent, as a \$1.5bn shortage was easily removed. The March short-term rate moved about 5 basis points higher to close at around 94.82 and the three month interbank rate ended the day at 5/4 per cent.

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POUND SPOT FORWARD AGAINST THE POUND

Dec 23	Closing mid-point	Change on day	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1	Dec 31	Dec 30	Dec 29	Dec 28	Dec 27	Dec 26	Dec 25	Dec 24	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1	Dec 31	Dec 30	Dec 29	Dec 28	Dec 27	Dec 26	Dec 25	Dec 24	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1	Dec 31	Dec 30	Dec 29	Dec 28	Dec 27	Dec 26	Dec 25	Dec 24	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1	Dec 31	Dec 30	Dec 29	Dec 28	Dec 27	Dec 26	Dec 25	Dec 24	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 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ELECTRA 5 - Cont.

[illegible]**ENGINEERING GENERAL - Cont.**

	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589	588	587	586	585	584	583	582	581	580	579	578	577	576	575	574	573	572	571	570	569	568
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HOTEL & LEISURE - Cont.

[illegible]

THE FLOPPY DISK AND LOGIC *Cont.*

[illegible]

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-15	
98.6	2.1
46	45.7
33.0	3.5
77.3	7.0
40.2	9.8
35.2	8.0
60.8	16.4
82.0	60.0
108	3.5
47.5	18.3
79.7	8.6
109.3	26.3
94.1	3.0
16.7	3.3
108.0	7.6
100.5	-3.9
55.3	7.8
19.7	8.8
42	9.8
86	-7.8
21.5	3.5
23.3	6.1
103.8	18.4
104.8	13.4
57.5	-21.1
25.5	12.5
46.6	29.1
37.2	1.
7.7	12.2
29.0	4.0
24.5	0.
52.5	4.
115.5	7.2
44.5	-1.
52.5	1.

هکذا من الامل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	99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WORLD STOCK MARKETS

AMERICA

Favourable data help Dow to record peak

Wall Street

US equity investors were in festive mood yesterday, riding into record territory after a fresh batch of strong economic data, writes Frank McGurk in New York.

By 1 pm, the Dow Jones Industrial Average was 5.31 ahead at 3,767.50, just above the all-time closing high of 3,764.43 set 10 days earlier. The more broadly based Standard & Poor's 500 was up 1.02 at 483.24. In the secondary markets, the American SE composite added 1.87 to 484.50, and the Nasdaq composite 1.78 to 757.85.

In its final session ahead of the three-day Christmas week, the market was facing a batch of important economic data. The numbers were favourable, though mostly in line with expectations.

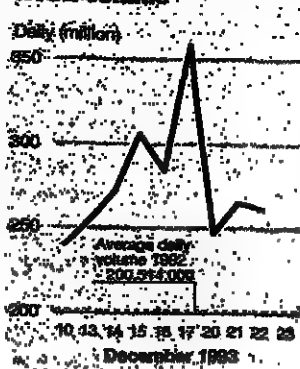
Reinforcing the impression that the economy was in a period of sustained expansion, November factory orders for durable goods were up 2 per cent from October.

On the consumer side, the University of Michigan's index of sentiment jumped to 88.2 in December, from 81.5 last month. The growth of confidence was underlined by

November's figures on personal income, up 0.5 per cent from October after seasonal adjustments, and personal consumption, up 0.4 per cent.

With price pressures remaining tame, the bond market was able to count its blessings and weather the bullish economic news with barely a ripple.

NYSE Volume



Such resilience encouraged interest in blue chips by traders seeking to square up their year-end positions.

General Electric climbed 3 1/4 to \$106.75 on reports that CSX, the largest US railway operator, was close to placing an order for 300 GE locomotives.

Walt Disney was 3/4 ahead at

\$44 after Morgan Stanley upgraded the stock.

Among pharmaceutical stocks, Pfizer climbed 1 1/4 to \$67, Schering Plough 1 1/4 to \$66 and Warner Lambert 3/4 to \$66.

Elsewhere in healthcare, Baxter International shed 3/4 to \$23. Its rival in the hospital supply business, Owens & Minor, gained 1 1/4 to \$31 on the news that it would double its size with the acquisition of Stuart Medical.

On the Nasdaq, Apple Computer was marked down 3/4 to \$74 after Merrill Lynch lowered its rating on the stock. In other technology issues, Lotus Development added 3/4 to \$56 and Intel 3/4 to \$82 1/4.

Canada

Toronto was higher at midday on the federal government's commitment to inflation reduction targets. The TSE 300 composite index was 10.80 higher at 4,237.45 by noon in volume of 27.76m shares.

Among the best performers, the financial services sector climbed 34.01 to 3,245.50.

BCE rose 3/4 to C\$46.50 following earlier news its Bell Canada unit will save C\$466m in 1994 through a reduced working week.

EUROPE

Five of six top bourses score new highs

Five of the continent's six top bourses scored new highs yesterday as Milan, which peaked back in August, eased on profit-taking, writes Our Markets Editor.

FRANKFURT professionals went home with another 1 per cent gain on their books, the DAX index closing 25.33 higher at a new high of 2,222.84.

Mr Nigel Longley of Commerzbank said that it was German institutional investors who did the business, and that most of that was done in the first half hour. However, the DAX index held its gains in the post-bourse, where it rose to 2,227.63.

Turnover rose from DM9.2bn to DM9.5bn. West German December inflation figures showed a steady year-on-year rate and a slowing monthly figure. Banks were strong, particularly Deutsche Bank which rose DM3 to DM86.50.

Siemens had another good day, up DM16 to DM78.50 for a two-day gain of DM20. Siemens has been asked to rebid for a DM4bn, Korean high-speed rail contract, said Mr Longley, which was won by GEC Alsthom, a joint venture of British, selling which more than wiped out the FI 4.40 slump made just before Wednesday's close.

Stocks to hit new year-highs

mutual funds, the CAC-40 approaching today's end of the December account with a rise of 17.28 to 2,243.02 in turnover of FF4.2bn.

Club Méditerranée regained some of its recent losses, rising FF24 to FF34.5 as short positions were bought back following the news of its FF250m net attributable loss for 1992/93. Mr Michael Woodcock at Nikko Europe said that there may also have been some bargain hunting, as the stock was viewed as slightly oversold.

Among the cyclical, rising on the dollar and the prospect of European recovery, Alcatel Alsthom climbed by FF16 to FF841 and Schneider by FF20.20 to FF459.20.

Credit Lyonnais certificates, up FF21 to FF72, offered a belated reaction to the appointment of a new chairman, and the prospect that 1994 would be a recovery year.

AMSTERDAM peaked, too, with the CBS General Shares Tendency index adding 1.20 to 147.90, supported by hopes of a continuing lower trend in interest rates.

Aspen, however, shed FI 4.70 to FI106.20 in a late afternoon British selling which more than wiped out the FI 4.40 slump made just before Wednesday's close.

Stocks to hit new year-highs

FT-25 Actuarial Share Indices

Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15
FT-25 Actuarial 100	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49
FT-25 Actuarial 200	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49

Dec 23 Dec 22 Dec 21 Dec 20 Dec 19 Dec 18 Dec 17 Dec 16 Dec 15

included Unilever, which closed up FI 2.20 at its session recently, saw its barest rise SF24 to SF71.48. CS Holding, the best performing bank, rose SF30 to SF37.00.

Adia, the temporary employment group, rose SF12 to SF189 after the announcement that practically all of its shareholders had subscribed to the company's issue of new bearer shares.

Orlikon-Bühler, the arms-fabrication group, rose SF2.50 to SF118.50 on its confirmed earlier forecast of higher 1993 net profits.

MILAN turned lower after the recent rally which has seen the market rise by 6.2 per cent since December 10. The Comit index shed 5.01 to 614.45 in subdued trading with the Senate's approval of the budget already discounted by the market.

Among exceptions to the downward drift, Nuovo Pignone climbed L406 or 6.5 per

THE EUROPEAN SERIES

Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15
FT-25 Actuarial 100	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49
FT-25 Actuarial 200	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49

cent to 1,667.93, on news that a group of US companies led by General Electric were taking a large stake.

By contrast, Fiat's Cogefar fell L162 or 5.8 per cent to 2,747 after announcing a 1,620bn rights issue ahead of merging its activities with three other construction companies.

MADRID hit the level that most traders were looking for, the general index closing 4.22 higher at a new high of 3,222 in turnover of Ptas38n.

Buying interest focused on electrical utilities. Iberdrola was up Ptas26 at Ptas1,020, and Sevillana and Endesa by 3 per cent and 2.5 per cent respectively.

OSLO added 1.7 per cent, taking its lead from the gains in the leading European markets. The all-share index climbed 9.93 to 556.88 in turnover of Nkr929m, shipping shares registered a broadly based advance.

VIENNA posted a new high as equities were helped up by a 10 basis point easing in the Gmex money market rate to 5.6 per cent, the ATX index closing 23.85 higher at 1,100.95.

Traders also acknowledged that the market had some catching up to do on Germany.

Written and edited by William Cochrane and Michael Morgan.

Argentina equities meet violence with equanimity

John Barham on a lucrative Buenos Aires bourse

A week ago, rioting broke out in one of Argentina's northern provinces. In a matter of hours, rioters took control of the city of Santiago del Estero, burning and pillaging as they went. It was Argentina's worst day of violence since hyperinflation brought footing to a number of the country's big cities in July 1989.

Yet the next day, with the dramatic images still fresh in the minds of investors in Argentina, and around the world, share prices rallied with a respectable, 3 per cent gain.

There are a number of explanations. One may be the firm response of the country's president, Mr Carlos Menem, who flew back the same day from a state visit to the Vatican, ordered security forces to restore order and refused to allow the uprising to blow his economic reforms off course.

Another is that, as in other markets in Latin America, equities in Buenos Aires were also lifted by a inflow of international funds.

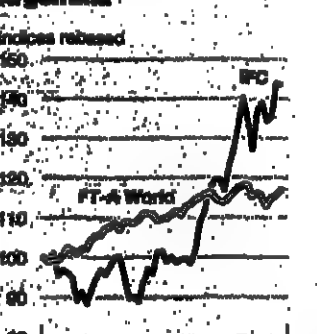
Argentina, too, is still widely viewed as one of the world's most exciting emerging countries. It has a rapidly developing equity market, which offers easy and increasingly representative exposure to a fast-growing economy. It also has currency stability, with the peso tied to the US dollar.

The bulls continue to be rewarded. This week the market has been climbing steadily after idling for most of the month. So far this year the Merval market index has risen by a quarter and the IPC Argentine index is up by 65 per cent, both in local currency and in dollar terms.

This seems a fair reward for dabbling in explosive Latin American risks. In London the FT-SE 100-share index has risen 17.5 per cent this year and in New York the Dow has seen a 14 per cent advance.

Inevitably, the Merval's advance masks far more interesting shifts in individual stocks. Mr Christopher Eccles, a Buenos Aires equity analyst, says Swiss-owned cement company Holderbank's equity stake and management contract in Corcebar, an Argentine cement-maker, has transformed this into the market's hottest company, with a 300 per cent price rise this year. Yet he is still estimating Corcebar's prospective p/e, to June 1994, at 14.

Banco Shaw, a small retail



bank taken over by Spain's Banesto, has put in a 250 per cent share price increase. Banks are expected to make big profits from the embryonic mortgage lending business. Yet Shaw's prospective, calendar 1994 p/e is only 12. Even the top-ranking companies in the sector, Banco Francés and Banco Galicia, which have seen very strong advances all year, remain relatively cheap.

At the other extreme, Argentina's two highly profitable telephone companies, Telecom and Telefonía, are both considered overpriced after gains of 22 per cent this month.

The steelmaker, Acindar, hit by unexpected recent losses and a government investigation into trading and account-

ing irregularities, is also deemed expensive. Siderca, another steel company, and Celulosa a pulp company, are mixed in losses.

The market is seeing an increasing number of initial public offerings. On Tuesday, Citicorp, the US bank, began floating of a minority stake in CEL, its Argentine investment vehicle, which holds stakes in 13 companies, mainly privatised utilities.

The government floated its remaining stakes in two privatised power stations in December. One of them, Central Costanera, saw its share price rise to a premium of almost 30 per cent over its offer price on the first day of trading.

In June, the government sold 45 per cent of YPF, the national oil company, raising \$3.04bn. YPF, now the most active stock in Buenos Aires, initially showed a steep rise but it has now settled down to a trading range around \$35, one-third above its flotation price.

Speculators who made a killing in YPF are giving way to program traders playing the arbitrage market between New York and Buenos Aires. By one estimate, about \$80m in YPF arbitrage takes place every day.

The development of more adventurous derivative instruments is still being thwarted by a limited range of actively traded stocks, a poorly-designed market index and shortage of sophisticated players. And in spite of the market's steady growth, private companies are resisting the attractions of cheap equity funds.

They prefer to raise equity cheap debt in overseas markets whenever possible. As in most other Latin countries, Argentine companies remain famously averse to opening up to outsiders.

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ASIA PACIFIC

Taiwan falls 4% as margin loans are rationed

Roundup

Markets moved in sharply divergent directions, with Tokyo on holiday and Bombay still strikebound.

TAIWAN plunged 4 per cent on heavy profit-taking triggered by news that Fuh-Hwa Securities Finance was introducing a rationing system for margin loans. The weighted index ended 216.79 down at 5,267.96, after an intraday low of 5,248. Turnover remained heavy at T\$78.87bn but fell from Wednesday's T\$103.82bn.

Fuh-Hwa is the market's biggest stock lender, and the limit on profit-taking from the market's 33 per cent gains since November 27 was relentless in spite of some bargain hunting at mid-market.

China Steel, the most active issue of the day, retreated T\$1.60 to T\$25. Among the most recent targets of foreign buying, the banking stock ICBC finished only 50 cents lower at T\$57.50.

BANGKOK rose 1.3 per cent in active trade, propelled by the strong gains of TelecomAsia and the debut of satellite dish seller Samart Corporation. The SET index added 19.77 to 1,543.53 in turnover of a robust B\$2.41bn.

TelecomAsia, the largest capitalisation issue in the market, hit its 10 per cent upward limit, surging B\$11 to B\$177 and was the most active stock in volume and turnover terms.

Smart soared to B\$452, or more than five times its initial public offer price of B\$90. The stock was the second most active of TA and Smart represented 31.8 per cent of the market total.

HONG KONG saw selective buying which took the Hang Seng index 173.34, or 1.6 per cent, higher to a record 10,881.20, although profit-taking had pared a day's best of 10,857.59. Properties led the gains, with Sun Hung Kai Properties peaking at a record HK\$96 before finishing HK\$93.50 ahead at HK\$95 and Henderson Land up HK\$2.25 to HK\$44.

San Miguel Brewery, a locally listed subsidiary of San Miguel, of the Philippines,

sunged HK\$1.425 to HK\$5.80, buoyed by a late wave of local demand after market rumours that the brewery might move its operations to China.

NEW ZEALAND's rally continued, supported by lower interest rates. Most shares gained ground on good volume, the NZSE-40 capital index climbing 18.94 to 2,088.72.

Strong foreign demand took Telecom 3 cents higher to NZ\$3.88 and Carter Holt Harvey up a cent to NZ\$2.61 in turnover of 6.8m shares.

MANILA closed at a record high for the fourth straight day as money continued to flood into the market.

The composite index moved up 98.83 to 2,997.46, taking this week's cumulative rise to 12.6

per cent.

JAKARTA advanced in moderate late trading which left the official index 7.27 higher at a record 587.34.

KUALA LUMPUR extended its good run, led by institutional buying of blue chips, with the composite index ending 30.86 up at a new 1988 peak of 1,132.24.

SINGAPORE was in bullish mood, the Straits Times Industrial index rising 24.66 to a high of 2,298.61 in heavy volume of 515.9m shares.

SEOUL was dragged lower amid profit-taking in high-priced blue chips and the composite index fell 10.23 to 853.37.

KARACHI encountered more profit-taking, pushing the KSE index 28.88 lower to 2,033.08.

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FT

S African industrials at record

Steady demand for industrial shares took the Johannesburg Industrials index up 84 to a record 5,267.96

Steady demand for industrial shares took the Johannesburg Industrials index up 84 to a record 5,267.96 in a continuation of the rally which has seen the sector rise 17% per cent since the Washington conference on October 27.

Copthall Martin in London noted that foreign demand has picked up substantially, particularly in the industrial sector over the last three months as the political process has proceeded more smoothly than many people had expected.

The broker added that liquidity has also improved, with many local investors willing to cash in holdings as price/earnings ratios approached the 15 level.

Steady demand for foreign buyers has since taken industrial stocks up to a current historical high of 16.8 times 1993 earnings.

De Beers picked up on a day's low of R95 to end R1.25 easier at R96.50, still dogged by reports of leaks in its diamond supply deal with Russia.

Gold advanced 22 to 2,094 and the overall index moved ahead 29 to 4,641.

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LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option	Call	Put	Call	Put	Call	Put	Call	Put
Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15
FT-25 Actuarial 100	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49
FT-25 Actuarial 200	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49

Dec 23 Dec 22 Dec 21 Dec 20 Dec 19 Dec 18 Dec 17 Dec 16 Dec 15

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Dec 23 Dec 22 Dec 21 Dec 20 Dec 19 Dec 18 Dec 17 Dec 16 Dec 15

Dec 23 Dec 22 Dec 21 Dec 20 Dec 19 Dec 18 Dec 17 Dec 16 Dec 15

LONDON RECENT ISSUES EQUITIES

Rises and falls yesterday

Issue	Price	Change	Price	Change	Price	Change	Price	Change
Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15
FT-25 Actuarial 100	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49
FT-25 Actuarial 200	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49	1458.49

Dec 23 Dec 22 Dec 21 Dec 20 Dec 19 Dec 18 Dec 17 Dec 16 Dec 15

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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Continued on next page

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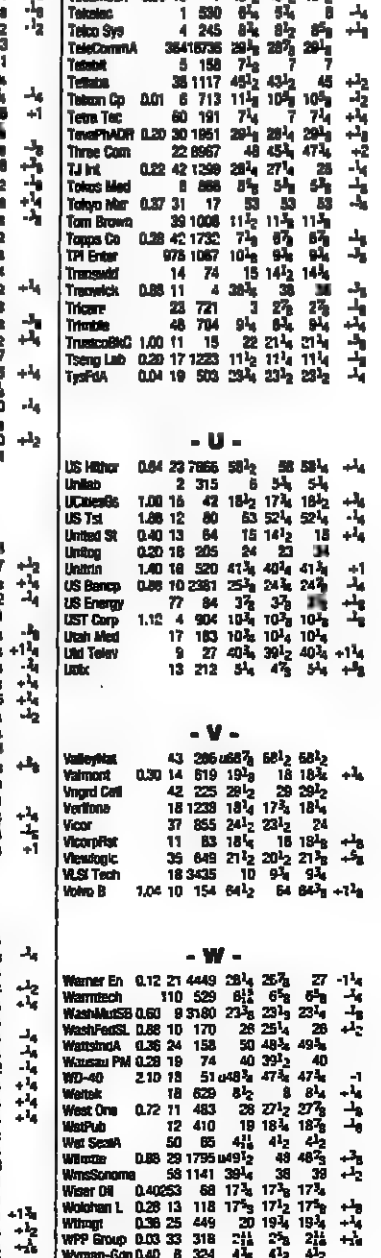
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4 pm close December 21

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- $\frac{3}{8}$									
- $\frac{1}{8}$									
- $\frac{1}{8}$									
+1 $\frac{1}{2}$									

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Xlira	31	268	44 $\frac{1}{2}$	44	44 $\frac{3}{8}$	+ $\frac{3}{8}$
Xoma Corp	3	1919	5 $\frac{1}{2}$	5 $\frac{1}{4}$	5 $\frac{3}{4}$	+ $\frac{1}{8}$
YokFrt	0.94	15	956	23 $\frac{3}{4}$	23 $\frac{1}{4}$	
York Fash		63	1071	5 $\frac{3}{8}$	5 $\frac{1}{2}$	+ $\frac{1}{4}$
ZooestNah	1.12	8	290	37 $\frac{1}{2}$	d36	+ $\frac{1}{4}$

HAPPY
MoDo

FINANCIAL TIMES

Friday December 24 1993

HOLIDAYS
MoDo

Investor optimism drives up share prices in major markets European bourses hit new highs

By Peter John in London

Share prices throughout Europe soared yesterday, with five of the six biggest stock exchanges reaching new highs.

The London stock market outpaced the others with a gain of 1.2 per cent, closing at a new peak as dealers scrambled for shares to balance their trading books before Christmas.

German institutional investors took Frankfurt up just over 1 per cent to a record high following encouraging news on inflation. The Dax index rose sharply on heavy buying in the first hour of trading and closed 25.3 higher at 2,222.84 as the most recent eco-

nomic figures showed that west German inflation for the month to mid-December rose provisionally by only 0.1 per cent, leaving the year-on-year rise unchanged at 3.6 per cent.

Paris was lifted past its old high by a strong French bond market and an inflow from mutual funds. The CAC 40 index rose 17.23 to 2,243.02 with a strong bond market and cash flowing into shares out of mutual funds offsetting some disappointment over the latest industrial production figures.

The FT-SE 100 index, which represents the UK's 100 most highly valued companies, closed up 40.8 on the day at 3,396.5 after

breaking briefly through 3,400.

The London market is fuelled by hopes that interest rates will fall again in the new year, down from the current 5.5 per cent. Renewed demand for shares yesterday caught out the market-making firms, which were already having difficulty finding stock for delivery to the buyers who have been driving the market ahead for the past month.

The FT-SE 100 has risen more than 1,000 points since the UK left the European exchange rate mechanism in September 1992. This year has generated huge profits for the investment institutions and the securities firms which service them.

Buying pressure was exacerbated by continuing background activity in the derivatives markets, which have attracted large numbers of foreign investors.

Among the others, in Zurich, Amsterdam and Madrid, equities hit their fifth consecutive record high, lifted by continued strong liquidity and hopes of lower interest rates in the new year.

The Spanish index rose 53.88 to 3,615.35 and the Swiss SMI index continued to push forward closing 25 better at 2,967.4, but the Milan Comit index slipped slightly on profit taking.

World stock markets, Page 21; London equities, Page 13

German states to help flood victims

By Ariane Genillard and Agencies in Bonn

Several German states announced emergency financial measures yesterday to help property owners flooded by the river Rhine after days of torrential rain.

Troops in wading boots stacked sandbags in the basement of parliament to keep the worst Rhine flooding for 67 years from knocking out its heat and electricity.

The Rhine and its tributaries rose to their highest levels since the 1850s, flooding hundreds of houses along the banks.

Cologne's medieval centre was swamped as the river breached a slim stretch of bank. By early morning, the river had hit a near-record flood level of 10.39 metres. Four people have died in the

floods in Germany and a further two in France and Belgium.

The rising rivers have blocked roads and stopped barge traffic on the Rhine, Europe's main north-south artery, ruining Christmas in dozens of towns.

Few property owners in Germany are covered for flood damage. Only the southern state of Baden-Württemberg has introduced special insurance cover for such damage.

"A few insurance companies have started to offer coverage for floods since early 1992," said Mr Jörg Knappe, spokesman for the German association of insurance companies. "Very few households have such policies."

The North Rhine-Westphalia government said that it would provide tax concessions for

households and businesses suffering flood damage. It is also offering to help families earning less than DM2,500 (\$1,480) a month by replacing furniture and home equipment.

Companies and self-employed people without insurance policies will also be able to ask for credits and financial assistance from their banks, who will receive state aid.

"The funds will be available to companies, especially small ones, which would otherwise go bankrupt and fire their employees," a North Rhine-Westphalia official said.

Sealand, where the usually quiet tidal river turned into a wild torrent, also said that it would provide DM10m for families whose properties were dam-

aged by the floods. In Rheinland-Pfalz and Hesse, state officials said they would offer individual amounts to households needing help.

Thousands of houses between Koblenz and Düsseldorf were flooded after three days of torrential rain. In Bonn, the Rhine stopped by mid-morning a few centimetres short of Chancellor Helmut Kohl's office and the new parliament building. Some diplomatic buildings along the river were flooded and many diplomatic residences in Bad Godesberg had no electricity.

Firefighters in many areas spent the night evacuating homes. In Cologne, 25,000 houses were flooded. In Bavaria, the city of Regensburg was mostly under flood water.

China set to lead the world on growth rate

Continued from Page 1

inflationary psychology - for example, farmers holding back goods in expectation of further price rises. However, the economists do not believe that indicates the kind of panic buying and loss of belief in government policy that presaged previous crackdowns.

Mr Zhu's easing of monetary policy in autumn has yet to have

an impact on the inflation rate, but is likely to do so in the first quarter of 1994. The economists expected a 9 per cent target for 1994 inflation is unrealistically low, but that inflation will not run out of control.

Strong political pressure forced Mr Zhu to go back partly on the tightening of credit. Even healthy state-owned enterprises were running out of money to

pay wages. However, the economists believe the easing has been selective, that Mr Zhu's programme to slow the economy essentially remains in place, and that he is showing himself determined to press ahead with financial and economic reforms.

Those include radical changes to the tax system during 1994 which are likely to contribute to the cooling of the economy. Local governments, which have poured

money into real estate and other fixed-asset investment, will have less revenue available.

The government is introducing new tax-sharing arrangements between the centre and the provinces, unifying corporation tax at 33 per cent and introducing a value-added tax. The result is likely to be better control of the budget as well as greater ability of Beijing to exert macro-economic control.

Shochu lifts Japanese spirits

By William Dawkins in Tokyo

Japanese drinkers are turning to cheap liquor to lighten their recession-induced gloom.

Sales of shochu, a cheap spirit distilled from sweet potatoes, are approaching record highs, while consumption of formerly fashionable whisky, wine and beer have all declined this year.

Shochu sales ended a five-year decline in 1991, to rise 4.4 per cent last year and 5.5 per cent in the first half of this year. Turnover is heading above the 1985 record of 929,500 kilolitres for this year as a whole, according to the Tokyo office of Baring

Securities. It is the only alcoholic drink to show "solid and durable growth" in Japan, says Mr Takemitsu Suzuki, an analyst at Baring.

Shochu's cheapness is one reason. A hefty 1.5 litre bottle of the best shochu costs a mere ¥1,300 (\$11.51) which compares with ¥2,100 for a bottle of sake - rice wine - of the same size, or ¥6,000 for a bottle of Johnny Walker Black Label less than half that size.

The young in particular enjoy mixing this colourless vodka-like spirit with soft drinks from tea to orange juice. But the shochu boom is also part of a wider

return to traditional tastes during the rigours of the downturn. The older generation drink it with hot water and pickled plums.

A few months ago, it was merely fashionable to be seen buying cheap goods. Now, many consumers are hooked on thrift, as underlined by a survey of Tokyo businessmen by Dai-ichi Kangyo Bank. Some 43 per cent of those surveyed said their salaries had fallen over the past year.

All this corresponds with a sharp drop in custom at flashy European restaurants in Tokyo, and a corresponding rise in busi-

ness at humble noodle houses, many of which are so busy that customers have to queue on the pavement.

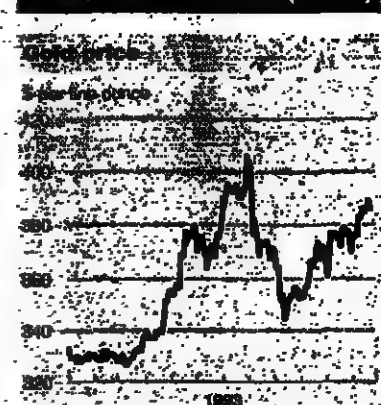
It is at cheap local bars and restaurants that shochu gets knocked back in serious competition. Businessmen are so stark that late arrivals at the office the next morning are hardly noticed.

Home drinking, too, is on the upturn as shown by a rise in sales of shochu in paper cartons to 20 per cent of the market. Giant 4-litre plastic bottles are also popular. One of these lasts the average household about a month, says Mr Suzuki.

THE LEX COLUMN

Shopping trips

FT-SE Index: 3396.5 (+40.8)



Stock market jitters about Christmas sales are as traditional as family rows in front of the television. In 11 of the past 15 years, the UK stores sector has underperformed the market in December. This year's worries have been given added edge by the ominous trading wobbles in the textiles sector. The new-found reluctance of retailers to seep news into the market through tipsy indiscretions at stockbrokers' parties has left investors in the dark.

At almost 25 times historic earnings, the stores sector is more highly rated in absolute terms than at any time since the early 1970s. With valuations stretched so tight it is little wonder that the sector slipped at the beginning of the month. Some shareholders clearly feared it was not just turkeys that would be roasted this Christmas.

Yet it is a retailing truism that Christmas comes later every year. The Budget may have confined the pattern but sales do appear to have accelerated over the past weeks. The best guess is that it has been a steady, if unspectacular, trading period. The latest John Lewis Partnership figures are certainly showing solid sales gains.

The outlook for stores next year is finely balanced. Tax rises will depress consumer spending, although the current savings ratio of 10.6 per cent highlights potential spending power. Investors may also keep faith in a sector that promises earnings growth in line with the market but with no exposure to mainland Europe. The added bonus could come from the consumer cycle being brought back into line with the political one. As the next election looms, twitely Tory MPs will be pressing for a more consumer-friendly stance.

Tomkins

It would be surprising if Tomkins' decision to explain its hedging strategy was responsible for yesterday's fall in the shares against the run of a rising market. There is nothing unusual about Tomkins' policy of protecting its balance sheet against currency movements, only its choice of instruments. Rather than borrowing in dollars in the manner of Hanson, Tomkins uses currency swaps to create dollar liabilities in equal measure to its US assets. If the dollar falls these assets will depreciate in sterling value but so will the liability under the swap agreement. Shareholders' funds should remain unchanged.

There is no reason why this approach should be risky, so long as

Tomkins is choosy about the banks with which it deals and has sufficient management controls. Tomkins has no natural requirement for dollar debt, so borrowing to hedge its US assets would anyway distort the balance sheet. The only worry is that liabilities under swap agreements are held off balance sheet and are therefore not visible in the accounts. One can only accept Tomkins' word that it never strays into the territory of speculation.

Some investors will doubtless object on principle to companies which hedge accounting exposures with instruments that can give rise to cash movements. Tomkins also stands out from the crowd by hedging the transaction of overseas profits into sterling, usually by selling dollars forward. The company argues that shareholders appreciate its efforts to make its financial results more predictable. Since Tomkins' acquisitive strategy depends on keeping its share rating well above the market average, that level of certainty has a value all its own.

Gold

The price of frankincense and myrrh may be impossible to chart, that of gold has been moving up quite nicely recently. After the spell of profit-taking which saw it retreat sharply from this year's highs of around \$410 in August, the metal is climbing back towards \$400. That may seem surprising in view of the retail consumer resistance that developed in the Far East at the higher price levels, but other seasonal and not-so seasonal factors are helping demand.

Not only is demand boosted by buying ahead of the Chinese New Year

and Indian wedding season; the low oil price has perversely stimulated retail buying by Middle Eastern investors worried about a possible devaluation of their currencies. Jewellery demand has also picked up slightly in the US, thanks to the economic recovery. As for supply, South African producers seem reluctant to step up their forward sales while the price is rising, and it will be some time before new discoveries in countries such as Venezuela and Ghana come on stream.

The fundamentals could thus sustain a further price increase, provided it is not too violent to scare consumers. One theory about the way in which Far Eastern demand dried up in the summer was based on the sheer speed with which the metal approached \$400 rather than the absolute price it reached. The risk, though, is that speculative pressures could again cause the price to overshoot. Moreover, while the weak oil price appears to have helped the metal so far, things would change if any producing country was forced to sell bullion from its reserves. That, together with the prospect of central banks cashing in options profits at higher prices, means gold may struggle to break decisively through its closing peak of \$414 during the Gulf War.

Paramount

The defining moment in the battle for Paramount is still some way off, despite QVC's initial victory in the auction stakes. Both sides can increase their bids before the under deadline of January 7, but there is no hurry for Viacom, which must now counter QVC's bid. The art for Viacom is to look like a loser for as long as possible in the hope that its own shares will rise while those of QVC fall, thereby reducing the overall value of its bid. Yet the mere fact that such a strategy appears appropriate underlines the silliness of the sums on the table.

Success will probably go to the bidder which offers the most cash. That will hurt Viacom must persuade its partners to dig deeper into their pockets, but a successful bid would almost certainly leave it with much higher gearing than QVC. Despite fine talk about the multimedia revolution, the winner's immediate challenge will be to turn round Paramount, which is short of box office hits. QVC could find that task easier - unlike Viacom it does not plan to leave Paramount's top management in place.

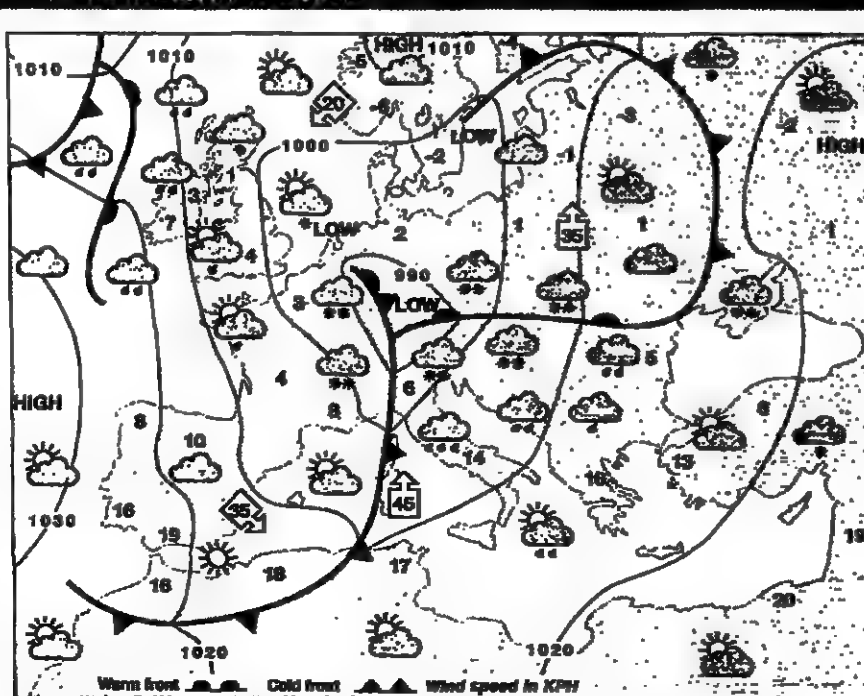
Europe today

Conditions will be unsettled in Scotland and England. Scattered showers will fall, especially on the coasts, accompanied by snow and sleet over Scotland, East Anglia and the south-east. Snow will fall on the slopes of the French and Swiss Alps and the west-facing mountains of Austria. In most places, the snow will increase 20-50cm. The Dolomites will have heavy snow on the upper and lower slopes. The Benelux, northern France and southern Germany will have further floods. In the Mediterranean, temperatures will be close to 15C, but a cold north wind in southern France and north-east Spain will keep temperatures below 10C.

Five-day forecast

The western part of the continent and the UK will be cold and unsettled with occasional heavy rain, especially in the Alps and in Italy and the Balkans. There will be occasional sunshine. It will be slightly colder than usual for this time of year.

FT WEATHER GUIDE



TODAY'S TEMPERATURES

Location	Max	Min	Location	Max	Min	Location	Max	Min	Location	Max	Min
Abu Dhabi	31	24	Algiers	18	10	Amsterdam	10	5	Bangkok	30	24
Batavia	28	21	Bombay	30	24	Buenos Aires	18	10	Calcutta	30	24
Cairo	28	21	Canton	18	10	Cebu	30	24	Dakar	28	21
Dhaka	30	24	Hankow	18	10	Hong Kong	28	21	Kobe	18	10
London	10	5	Lyons	10	5	Manila	28	21	Medan	28	21
Moscow	10	5	Mumbai	30	24	Osaka	18	10	Paris	10	5
Rangoon	30	24	Seoul	18	10	Singapore	30	24	Taipei	18	10
Tokyo	18	10	Yokohama	18	10						

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FINANCIAL TIMES FRIDAY DECEMBER 24 1993

Weekend FT

SECTION II

Friday December 24 1993

How Aladdin helped build a castle – but lost out when it had to be reconstructed

Barry Riley enters the Cave of Gatt and a gripping story unfolds – but will it end happily ever after?

Once upon a time, in a land not so far away, where the wind is bitterly cold and the rain often lashes down from a grey and sullen sky, a Magic Kingdom once grew out of the damp farmland. Its fairy castle turrets rose towards the sky and its walls resounded to the sounds of happy crowds and fireworks. But the magic faded and the Kingdom lost its power, and the allegiance of its millions of subjects waned. This is the story of its rise and fall.

There were moguls from the west, from the Holy Wooden Empire of the Clintonians. One was a man called Eisner, rich and powerful, his wealth expanded by his almost unlimited options. He was already a Grand Vizier in his native land but he vowed to conquer other parts of the earth where his market share was low compared with the local entertainment product. So he came east and journeyed in search of the treasures which he believed were hidden there, in particular in the Christmas video market.

In the course of his travels he seized literary gems, especially those in which there was no longer any copyright, such as *Beauty and the Beast* and *Jungle Book*, and turned them into animated wonders which all the world flocked to see. But still he did not rest content, because there was resistance to his ambitions and a bigger share of the multimedia leisure spending market could still be gained.

So the cunning Eisner drew up a scheme for a new Magic Kingdom and printed it in a special prospectus and on the cover he painted a picture of a pink castle. And he placed it up on walls and inserted it into local newspapers and waited for local gamblers and traders.

Sure enough, he did not have long to wait before Aladdin, a local merchant and investor, came looking for Eisner. "I find your scheme very attractive," he cried. "Before long it will be paying out great dividends. Please let me invest." (In real life, of course, people do not subscribe to prospectuses with pink castles on the front, but remember, this is a fairy story.)

Thus an elaborate contract was drawn up and partnerships in the scheme were granted to Aladdin and many of his friends. And Eisner raised his hands and issued the command for the Magic Kingdom called Euro Disney Resort to be created out of an empty landscape. Such was his power that it was done.

But soon the mighty Eisner began to become angry. The returns were slipping below budget. The local people began to become restless under his rule and to protest about his "cultural imperialism" as they called it. He needed to increase his power. But only Aladdin could help him to achieve this.

Therefore he promised the greedy Aladdin that he would increase his dividends, but only if he helped him in a special mission. They journeyed out into the wilderness and came to a spot at Geneva, where the mountain lake feeds a mighty river between many high banks.

"This is the entrance to the Cave of Gatt," Eisner announced.

"I cannot enter, but you can. Do not be afraid. The Cave extends almost for ever, some say as far round as Uruguay, but you do not need to go far. Just inside the entrance you will find the Magic Lamp. I need it for my audiovisual industry. Bring it to me as quickly as you can. Beware of this, however: that you must ignore the other riches within and must return by December 15."

At this, his voice became harsh and frightening. "If you do not succeed the Cave of Gatt will crumble and you will be trapped for all eternity behind the high tariff walls. For so the emperor of the Clintonians has decreed."

Fearfully, Aladdin entered the cave, which to his ears seemed to be filled with the sound of endless talking. But immediately he gasped in wonder. All around were the great treasures of the world, spices from the East Indies, rice from Thailand, textiles from China, computers from Taiwan, Jumbo jets from Seattle. Then he saw the



entertainment section, with piles of Michael Jackson CDs and heaps of videos such as *Rambo 2* and *Childs Play 2*. In the middle lay what must be the Magic Lamp, battered and dusty, and surely worthless.

Then he made a grave mistake. Tempted by the treasures all around, he picked up a *Peter Pan* video. At once the ground began to shake violently beneath his feet, and he heard the angry voice of Eisner bellowing from the entrance to the cave. "You foolish knave, you have disobeyed my instructions and you have infringed my intellectual property rights. You shall pay the ultimate penalty. You shall be consumed by a trade war."

Desperately, Aladdin looked around. Surely he could not get out by December 15 now. He picked up the magic lamp and looked at the primitive object to see why it might be so valuable. Was it broken? He rubbed the side to see if it might be made of gold.

The result was amazing. There was a sudden blue flash, a clap of thunder, and a hazy figure appeared. "I am Sir Leon, genie of the Magic Lamp," the apparition pronounced. "Your every directive is my command, or at least, will be the basis for meaningful negotiations at the highest level."

Aladdin looked around in panic at the crumbling Cave of Gatt. It might fall in at any moment. "Can you get me out of this mess?" he cried. "No problem," answered the genie. "It may take all night, but I can fudge an answer somehow! And then I can appear on BBC breakfast TV at the peak audience time!"

And so the Cave of Gatt did not, after all, collapse but was propped up. Aladdin returned home and life continued much as before, but he realised that somewhere Eisner was

still at large, and in his anger and frustration might be seeking revenge, especially as the newspapers said that EuroDisneyland was threatened with closure.

Several months passed, and then one afternoon he heard a strange sound outside his house. Looking through the window he saw a stooped old pedlar with long white hair hobbling along the road, carrying a bundle of papers. In a quavering but penetrating voice the old man called out repeatedly: "New shares for old! New shares for old!"

Other people were approaching him, offering shares in companies such as Pisons, Tiphook and Queens Most Houses, yet he turned them away. But then Aladdin came up with his Euro Disney certificates. Suddenly the old pedlar seized them, crying: "Excellent sir, you are the investor I have been searching for. Your shares are worthless, without hope of dividends, but why not take these perpetual zero coupon loan certificates instead?" They sounded good, Aladdin admitted, but why was there a picture of a small furry animal in the corner? "It is logical," replied the old man, who seemed to become younger by the minute. "When you have Mickey Mouse securities it is wise to recognise the fact."

And so Eisner – for indeed it was he in disguise – went away in triumph because he no longer needed Aladdin, and he began to work his spell on the Magic Kingdom. The capital was restructured, some new magic carpet rides were built and the marketing was sharpened up. New auditors were hired to replace the over-fussy previous firm. A new tunnel to the north was opened,

encouraging Anglo-Saxon hordes to visit at special cut prices, with a special opportunity to purchase duty-free drinks.

Aladdin was upset, because he believed he had been deceived. But he remembered the old Magic Lamp, which was still in his possession, and he rubbed the genie appeared in a puff of smoke. "Your wish is my directive, subject of course to satisfactory harmonisation procedures and the required legislative implementation by all member states," he said.

"You must stop Eisner," cried Aladdin. He has restored the power of the Magic Kingdom and may achieve total cultural domination. "Don't worry about a thing," replied Sir Leon. "It should be easy. With a wave of my regulation book I shall require full compliance with the Third Theme Park Directive, including sub-section 13(c). Furthermore, all Mickey Mouse impersonators must be paid a minimum wage of £20,000 an hour. Lastly, all food prepared at the site, including ice cream, must contain 10 per cent garlic from the garlic mountain. That should fix it."

Thus was Eisner repelled, and the clouds gathered and the rain fell and a great forest grew around the Magic Kingdom and hid it, until even the highest turrets of the castle had vanished. But sadly Aladdin and his friends did not live happily ever afterwards. The moguls of the Holy Wooden Empire developed a new scheme. They created monsters called Tyrannosaurus and Stegosaurus which roamed the land, crushing and consuming local opposition and creating a famine in the box offices. But that will be another story, the one they shall call *Jurassic Park 2*.

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FOOD AND DRINK

For Christmas, an irreverent priest

The monsignor was rolling a string of spaghetti enthusiastically onto his fork. "The worst part about being in Rome was the confessions. The smell of garlic. It would knock you over. And the sins were so boring - I was expecting far more spice. It was very disappointing. I thought the Italians had more imagination."

He put his head back and laughed uproariously. There is nothing more irreverent than an irreverent priest.

We were starting Christmas dinner in the darkened dining room of the Bela Vista hotel in Macau, that strange postage stamp of Portuguese territory stuck on the rump of China. It was 1978.

Mannella shared our table. She was on her way to see her daughter in Tokyo. One day, the daughter had arrived home in Rome to say that she was going to marry Yoshi, her judo teacher.

The daughter had become a black belt but the marriage had hit the

canvases. Mannella was taking a couple of days in Macau to brace herself before coming to grips with the judo instructor.

The monsignor once supervised marriage announcements in California. "They're very modern over there. They would come looking for announcements not only on the grounds of physical non-consummation but saying the marriage was psychologically non-consummated as well."

Another frenzied laugh. Like a happy horse rising on its hind legs. The other diners looked on curiously. Portuguese men with blazers hung elegantly on their shoulders endeavoured to prise open bread rolls. Jewelled ladies hacked away at pieces of ancient mutton.

The Bela Vista is now a tasteful, if expensive, rest home. Back in the 1970s, it was a crumbling colo-

rial pile, with Russian-style plumbing and shocking electric. Once, staying in one of its rooms with stinking bed and heavy, southern European furniture, I pulled the curtain closed. It fell down on top of me, filling my lungs with the dust of Portuguese explorers.

People visited the Bela Vista because it was different. It was famous for its magnificent view over the Pearl River estuary - and its truly diabolical food. The owner, a corpulent Portuguese colonial who drank vast quantities of white port, laboured hard at serving up the inedible. The coffee was especially famous - the best purgative in the east.

At opportune times, as in the middle of Christmas dinner, the owner would have full-blooded arguments with his wife. At least, one assumed it was the wife. She

was never seen. We called her the V-bomber: all you heard was a high-pitched whine and then a crash as porcelain hit the wall.

Mannella was asking the monsignor about the Pope. The monsignor had done time at the Vatican as a papal diplomat.

"He's pleasant enough." A priestly pause. "But all this talking in 46 languages and running around the world kissing the bar-mac - I prefer my popes a bit more dignified. Behind high walls. Only

appearing to say something momentous occasionally."

We tried to identify what vegetables had been served. Whatever they were, they had met with an accident somewhere along the way.

The monsignor liked the popes' conservatism. "If it was me - which it never will be - I'd go back to the Latin mass. We need more incense, more candles, more mystery."

The dining room had plenty of mystery. The lighting was on the blink.

The waiters were a central feature of the old Bela Vista. It didn't matter if the lights were on or off, they always bashed into the tables, upsetting soup spoons between bowl and mouth or causing forks to become lodged in our lobes.

Their average age was well over 60. They were the only Chinese I

have ever heard use the word "Chow". They all had much-mended, starched, white uniforms.

If you so much as glanced between the mouthfuls, your plate would be whisked away. Meals were over very quickly - no bad thing considering the quality of the cuisine.

"What's that?" asked Mannella. A waiter had, rather unsteadily, set down a flaming dark mass in the middle of the table. "Christmas pudding!" I suggested. There was a pop and a tired wheeze, like the air going out of a balloon. The pudding shrank to an eighth of its size.

"It's a miracle," said the monsignor. We didn't touch it.

There was a miracle of sorts. Someone produced a round of rich Portuguese cheese. The blue-blazed men, their elegant ladies and all of us dug in.

The owner, satiated after another high-spirited kitchen encounter, lit candles and brought round the port. A very scratched *judo* record was playing. Eyes were winking.

"Do you know," whispered Mannella, "I once knew a young, very handsome English seminarian in Rome. He decided to give it all up after studying for years."

"Sex again, I suppose?" sighed the monsignor.

"No, not that at all," said Mannella. "He came to my house one morning with such a look on his face. I will always remember it. Resigned yet contented, as if he had finally discovered the essence of something."

"He said he'd been walking through the early-morning market. He had gone past the flower stalls and then through all the piles of fresh vegetables."

"He stopped and looked around. There and then, he decided that he could not go on with his studies. He said the vegetables had done it."

The monsignor roared.

A test for ports at under £10 a bottle

Jancis Robinson sniffs a bargain - with some help from her friends

We all know that vintage port is a relative bargain at the moment. What with Oddbins offering 1977s for just £22.95 but can for less than £10 a bottle?

To find an answer 35 very different wines were summoned for inspection by myself, Edmund Penning-Roswell and Giles MacDonogh, fellow *Weekend FT* drinks writers, and Richard Mayson, author of the prize-winning book *Portugal's Wines & Winemakers*.

Out of consideration for our teeth and brain cells, we excluded the most basic ports, those labelled Ruby and Tawny and selling for about £5 to £7.

The two chief styles of port represented were Late Bottled Vintage (LBV), wines from a single year bottled at about five years old, together with the category which has been called, with considerable hyperbole, Vintage Character.

This term is likely to be outlawed within a few years in favour of Premium Ruby, for these ports are not at all like Vintage port but are essentially Ruby given a few more years' wood ageing.

There was enormous variation in quality between different shippers' bottlings, and buyers' own labels (the latter by no means necessarily inferior to the former).

Although the leading brand Cockburn's Special Reserve was perfectly acceptable, if relatively expensive, some Vintage Character wines were vapid - not a quality normally associated with port.

Mayson suggested that a good regular Ruby such as Smith Woodhouse's (£5.99 Oddbins) can offer more undiluted fruit than these supposedly superior versions. These ports are made typically from bought-in wines rather

than from the produce of the shippers' own vineyards.

The LBVs were in general a more satisfactory group costing perhaps only a pound more per bottle, although very few of them bear much resemblance to true vintage port, and too many taste like superior Ruby.

Thanks largely to a number of deals struck especially for Christmas, however, it is possible to find genuine wood-aged Tawnies (as opposed to the commercial blended Tawnies that are mainly young Ruby with a dash of white port) at less than £10, although it is clearly asking too much to expect great finesse and 10 years in cask for a tanner.

We also tasted two Crusted ports (blends of different years bottled so young that they throw a deposit in the bottle) and even managed to find one genuine Vintage port, a special offer bargain from Majestic.

Only the Crusted ports need decanting, although LBVs from Niepoort and Churchill may have some sediment as they are not subjected to the same filtration regime as other LBVs.

The most interesting port of the lot was the vintage, Offley Boa Vista 1982; the other bargain was Sainsbury's Vintage Character, the best Vintage Character we tasted. Churchill's, the best LBV was Graham's LBV 1988; and the wine about which we disagreed most strongly (Richard and myself in favour, the others against) was Niepoort Senior Tawny.

Quady's Californian riposte to port (called Starboard and sold by Majestic for £8.99) was preferred by most of us to the majority of Vintage Character ports, although Richard Mayson found it rather too sweet.

PORT BARGAINS IN DETAIL

Vintage Character

■ Churchill's Finest Vintage Character, £9.90, Lay & Wheeler of Colchester, Wincoburn Wines of Cirencester, and Eaton Elliott of Alderley Edge. Seriously concentrated wine which shows every sign of being capable of getting even better with its deep colour and very firm structure. A cheaper, not "Finest" version is also in circulation.

■ Sainsbury's £5.95 Crust makes this bargain. Another solid wine, simpler than Churchill's.

■ LBV ■ Tesco LBV, 1986, £6.68. A bargain in this bumptious peppery port bottled by Smith Woodhouse, from the Symington estate also responsible for Dow, Graham and Warren.

■ Graham's LBV 1988, £9.45 and up. Unanimous enthusiasm for this lively, spicy wine, mellow but with a punch. Rather truttier than the 1987 at the moment.

■ Graham LBV 1987, £9.95 and up. Very deep colour, well balanced, lively and ready. The 1988 is just £8.99 from Morrison's supermarkets in northern England. The many other stockists, who are generally moving from the 1988 to the 1987, include: Safeway; Thrasher; Waitrose; Avera; Bristol; Lay & Wheeler of Colchester; Andrew Weir of Luton and Caves de Bacchus of Leicester.

■ Niepoort LBV 1987 £9.75 Ellendun, London NW1. A bottle of perfumed, ripe black cherries which would benefit from longer in bottle.

■ Offley Boa Vista, 1982 vintage, £9.95, Majestic. From a special parcel of fine bargain ports (including many a fine vintage port), this is a snip, and by no means an apology for the style. Lovely perfume with chocolate and prune flavours. Drink now, or better still, keep.

■ Dow's Crusted, bottled 1987, £9.95, Waitrose (£10.45 Safeway). The most best thing to vintage. Powerful.

■ Sainsbury's 10-year-old Tawny, £3.95. A perfectly acceptable light, smooth, fully mature, wood-aged port. Delicate with a slightly harsh finish. A keen price from Quina do Nova.

■ Niepoort Senior Fine Old Tawny, £9.75, Ellendun, London NW1. Distinctive, vigorous wine. Giles found it unattractively reminiscent of dill pickles.



A last-minute escape from the sprouts

There are just a few more hours to go and I still don't know where I shall spend Christmas. The important thing is to escape the traditional yuletide in Britain: arid turkey surrounded by little chipolatas and gassy Brussels sprouts; the desiccated ham; the oily smoked salmon; and that final explosive *envoi* in the form of a Christmas pudding licked by blue flames of brandy.

I called a friend in Dublin. I had had this dream about spiced beef and Guinness. He was more than ready to help. "Great! We'll go to somebody else's house and drink mulled wine and then back to the family for the first arguments. There'll be turkey and ham. I can't think for the life of me where you got this crazy English idea about spiced beef. Then we will have the most boring vegetables imaginable; they are as often thrown at people as eaten, but that doesn't matter because we'll all be hammered by lunch time."

"Not much gets eaten at all," No. On second thoughts, Dublin sounds too much like home.

There is always Paris, but apart from the *réveillon* there is little really Christmassy about December 26 in northern France. It seems to hinge more on the season than the day. I do remember with nostalgia, however, December in the rue du Buc market in Paris: the profusion of furred and feathered game hanging from the butchers' awnings; pheasant, partridge and duck; and the great hairy haunches of venison and wild boar. There round the corner in the rue Dauphine, the long queue outside Coenon's tiny shop, waiting to buy *foie gras* terrines and little *boudins blancs*.

Even in France the ugly bird has made progress; replace with chestnut stuffing it is beginning to displace the more traditional leg of lamb as the centrepiece at the Christmas lunch. One should have thought lamb a more pascal dish; when the meat is young and tender. What the French and Spanish eat at Christmas is hogget half way to mutton.

The chief advantage of the Latin Christmas, however, is that the shops stay open for the morning and there are even restaurants doing a brisk trade. In Paris, outside the main brasseries on the boulevards, the oystermen work overtime to prepare baskets full of bivalves for hors d'oeuvres.

Neighbouring Belgium doesn't seem to be quite right either: a compromise between Teutonic goose-eating and the international turkey which has come in on the back of NATO and the EU. The meal is polished off with what the French call "a revolting *bûche de Noël* surmounted by a

little, pink Jesus looking for all the world like the famous *Mammoth Pie*". Spain is nothing special: "We just eat a lot more of everything," said a Spaniard. "More lamb and more sea bass; and lots and lots of *turrón*." I felt a nasty jab in my stomach as I thought of the indigestions borne of *turrón*.

Provence has more Christmas feel to it. Fish is favoured: grey mullet with olives, or salt cod and cauliflower; cardoons and the 15 Christmas desserts. These include mouset, quince paste (in those cases where the quince trees survived the 1966 frost), dried figs, dates and fougasse biscuits.

The best of Latin Christmases are to be found in Italy. In the north there are sweet things. Last year I received a *parmesan* from Gnocci and was disappointed when I opened the packet not to find a pair of brogues. But *parmesan* can be a mite dry.

Giles MacDonogh is still hoping to make his escape from a traditional British yuletide

Elsewhere, in Emilia Romagna, there is pane di Natale: a rather better version of the Milanese *parmesan*. The meaty side of the feast is not so special, although in Bologna they make big tortellini from different meats and at the new year, the *cotechino* sausage is served with lentils to represent the money that will come rolling in over the next 12 months.

For an individual Christmas Rome would be a good bet. Here celebs are eaten before you go on to gorge yourself on a capon. Capons cannot be produced in Britain where draconian legislation exists to protect the cock's prowess. In many ways this is a pity: a good capon knocks the feathers off a turkey and it is a more traditional Christmas bird.

I once spent Christmas in Vienna. We had a huge lake trout instead of the muddy carp on Christmas Eve, served with a thick *beurre blanc*. The next day, after the Nelson Mass at the Angustinerkirche, I was given a Christmas *Kochbuch* by a friend from the Vienna Philharmonic. Later a big vodka-martini was put into my hand. By the time the goose appeared I was well and truly "hammered", to use my Irish friend's word.

You find a similar scheme of things across the Inn in Germany. In her *Berliner Kochbuch aus alten Familienrezepten*, published by Weingarten, Maria von Treskow

draws a pretty picture of a traditional Berlin Christmas. The shops filled with *Pfefferkuchen* from Thuringia; toffee almonds from Königsberg; *Bismarckkuchen* from Cottbus; or *Schollen* from Dresden. Pomerania used to produce the smoked goose breasts and the shops were filled with carp. The last Kaiser was particularly fond of carp cooked in beer after which he favoured Christmas pudding doused in *schmapps*. The main feature of the Christmas lunch was a big, white, larded goose, also from Pomerania. Those from Poland were thought to be scrawny; the goose was stuffed with apples and sultanas and served with red cabbage and boiled potatoes.

The sad thing is that most of these places are not what they were and, I am told, that one is more likely to find turkey these days.

In the east the Russians tried to stamp out Christmas and replace it with a New Year's Eve feast. In the old days Christmas Eve was a fast day, the last day of Advent and that was why Central and Eastern Europeans were stuck with carp. The devout Russian ate ravioli stuffed with mushrooms and clear borscht followed by stuffed carp; on the day there was a Teutonic goose followed by kuttis: my white Russian correspondent informs me this is "quite revolting" - a blend of barley, honey and dried fruit.

Paradise may well be in Scandinavia. The Danish solution sounds Germanic: goose with apples and a rice porridge which conceals an almond. Whoever finds it has the right to a present - a pink marzipan pig - a sweetmeat which made the fame of Lübeck and other Baltic ports, at least as far as children were concerned.

In Sweden there was a copious *Smörgåsarbord*. A great mustard covered ham is the centrepiece and the table should be presided over by a bear's head. There are lots of different herring, collared brown, meat-balls, and *kviffel* - stockfish or this dried, split and soaked in lime. One of the oddest things is *dopp i grytan*: a big pot of ham broth into which Swedes dip worst-flavoured bread.

Across the border in Norway there are even better things such as dried mutton ribs cooked over birch branches served with potatoes and mushy peas. It is washed down with aquavit and beer. The greatest incentive of all, however, is the dark reindeer meat called in Lapland in the north. This is served with a game sauce flavoured with goat's cheese and crushed juniper berries.

On balance I think Norway is the ticket.

Cookery/Philippa Davenport

Make it easy on yourself

Does anyone manage to avoid last-minute Christmas shopping? Often I find, there are presents as well as foods to buy on Christmas Eve. There are parcels to wrap, maybe cards to write, the tree to decorate, stockings to fill, and lots of culinary preps to be done for the morrow.

It can easily become my least favourite day of the year.

If the cook is to remain sane Christmas Eve means must be kept as easy as possible. Yet such is the pace of activities that our need for edible fuel is considerable.

Lunch and tea tend to be pit-stop affairs with people coming and going at different times so self-service is probably best.

The obvious choice for lunch, and hard to beat, is lashings of good hot soup made at an earlier date and squirreled away in the freezer. Good breads and a first crack into the Christmas stillon will complete the meal with walnuts and jugs of crisp celery, and, finally, maybe a bowl of clementines.

By bedtime various members of the family, usually scattered countrywide, begin to gather under one roof. So tea should be a proper welcoming tea with crumpets and drop scones and fruit breads that everyone can toast for themselves in front of the fire.

Dinner will probably be late. The menu should signal the beginning of the festivities. Yet it is best to avoid very luxurious foods or too much of a blow-out. Enough of that tomorrow. Besides you may want to stay awake for midnight service.

A modest yet appetising menu might start with potted shrimps, be followed by a dish of pork then one of rice, both of these last two taking their cue from Scandinavian Christmas customs.

CHRISTMAS EVE PORK

(serves 6-8)

Pork (and goose) are the meats with which Christmas is celebrated in Scandinavia. This fragrant dish of pork is one of the easiest I know. The raw ingredients are simply packed into a pot and shipped into the oven. No need to preheat the oven.

In fact, if you plan to be out all day, you can set the automatic oven timer so the meal will cook itself in your absence and your homecoming will be greeted by a comforting whiff wafting from the kitchen. Serve the pork with lots of mashed potatoes to soak up the flavoured gravy, and a clean green salad of bitter leaves on the side.

1 lb boneless belly of pork rashers; 1 dozen prunes; 1 small onion; 2 fat garlic cloves; plenty of thyme, preferably fresh lemon thyme; 3-4 tablespoons each of chopped coriander and flat leaf parsley; a small corner of chicken stock cube; 2 or 3 butter papers; 1 tablespoon tarragon or white wine vinegar plus enough unsweetened white grape juice to make ½ pt liquid in total.

Lightly butter a large shallow dish that will take the pork in a single layer. A Le Creuset buffet casserole is ideal. Cut each rasher of pork in half. Leave the rinds on. They will enrich the texture of the gravy deliciously, they will be meltingly tender by the end of cooking and are good to eat. Lay the pork jigsaw fashion in the dish, squeezing the prunes into the gaps. Scatter the thyme leaves and the finely chopped garlic over the

meat. Season well with salt and pepper. Add the crumbled stock cube and veil the whole lot with the onion, sliced as paper thin as you can.

Pour on the liquids, which should come almost level with the top of the meat. Lay the butter papers directly on top. Cover with a well fitting lid or double thickness of lightly crimped foil.

Place the dish in a cold oven, turn it on to 300°F (150°C) gas mark 3 or just under and cook for 3½-4 hours.

A little longer will do no harm providing the temperature is low and the dish is well sealed. When it is ready the meat should be so tender that even the toothless would rejoice in eating it.

CARDAMOM CREAM

RICE PUDDING

(serves 6)

Rice porridge and rice puddings of various sorts, some hot, some cold, are favourites at Christmas throughout Scandinavia.

Tradition calls for a whole shelled but unblanched almond to be buried in the pudding to bring special good luck to



whoever finds it. My version is cold and creamy and I have scented it with lemon and cardamom.

Most shop-bought fruit jellies are too sweet and too stiff for my taste. Home-made is what I use here. Cranberry, sour cherry, rowanberry or spiced crab apple jelly should also be good. How much you will need depends on the surface area of the glasses in which the pudding is served.

2 oz pudding rice; 1 pt milk; the seeds from 6-8 cardamom pods crushed to a powder; the finely grated zest of 1 large lemon; 1 tablespoon sugar; ½ pt double cream; 3-4 tablespoons extra milk or yoghurt (optional); 1 shelled but unblanched almond; a jar of tart fruit jelly.

Scald the milk with the cardamom in a heavy based saucepan. Strain the rice into the milk and cook fast, stirring continuously, for 5 minutes. Reduce the heat and simmer for 15 minutes, stirring every now and then, until the grain is soft and swollen and has absorbed most of the milk.

Strain in the citrus zest and sugar, and stand the rice pan in a bowl of cold water to speed cooling. When the rice is cold, spoon 2-3 tablespoons of the surplus milk on to the cream. Or if the grain has absorbed all its cooking liquor, stir a splash of extra milk or a little yoghurt into the cream.

Whip the cream softly and fold the rice into it. Spoon the soft and creamy amalgam into individual glasses, slipping the almond into one of them in obedience to Scandinavian Christmas custom.

Barely melt some jelly and spoon a little of it gently over the top of the rice to cloak it with gold in the case of spiced crab apple jelly. Chill until shortly before serving.

FOOD AND DRINK

And then there were the peas . . .

Restaurant correspondent Nicholas Lander reflects on the high and low points of a year's eating out

The most exasperating experience trying to book a table at Quaglin's in London's West End. Having tried, and failed, many times to get through by telephone, I called personally at Quaglin's a month before I wanted a table. I was ushered to a woman who, having kept me waiting, eventually turned the bookings register to the date I wanted. Even upside down, I could see there was only one reservation for the night in question. I requested a table for 8.30pm but they did not want to please me, the customer, but to fill the restaurant when it was at its most quiet. She did offer me a table - but only at 8.30 or 11. I declined.

■ The most depressing culinary experience: lunch at Simpson's-in-the-Strand.

This was not, I assure you, because of the location or the ser-

vice (although the wine waiter took at least 10 minutes to find the bottle we had ordered), but because of the peas.

This might sound petty but it is not meant to be. Simpson's is a great British institution, a wonderful place to take overseas visitors (I know of one French restaurateur living in London who makes a point of taking all his French friends there). With the renaissance of British produce and cooking, it is a potential flagship for all British restaurants.

When I sat down to lunch there late in November, I had no compunction in ordering their daily spe-

cial, steak and kidney pudding served from the trolley. But, aside from the disappointing texture of the pudding and the undercooked boiled potatoes, I was surprised that instead of serving an inventive winter vegetable - parsnip chips, braised cabbage or carrot puree - along came peas.

Fresh peas in summer are wonderful; but in mid-November, and for this number of customers, they can only be timed or frozen. Consequently, they were dreadfully bland, reminding me instantly of miserable school lunches.

Rather more significantly, they would give any overseas visitor the

clear, but false, impression that British cooking had not improved at all.

■ The most exhilarating gastronomic experience: Olivier Roellinger's cooking at Cancale, Brittany, northern France.

Any weekend with a slightly sceptical wife (mine) in an unknown hotel in an area where the rain fell consistently from Friday morning to Sunday afternoon could end in disaster. But the view from our bedroom window across a bay full of oyster beds to Mont St Michel was so wonderful that it was sufficient compensation.

The bonus was Roellinger's superb handling and cooking of fish and vegetables from local fishermen and growers, and his treatment of the distinctive pre-salé lamb which grazes on the salt marshes.

It reinforced a growing impression that although British chefs are offering value as good as their French counterparts in the middle of the market, the finest French chefs (of whom there are only a handful) are still in a class of their own at the very top of the culinary tree.

■ My biggest omission as a restaurant correspondent: not to have vis-

ited enough British restaurants outside London.

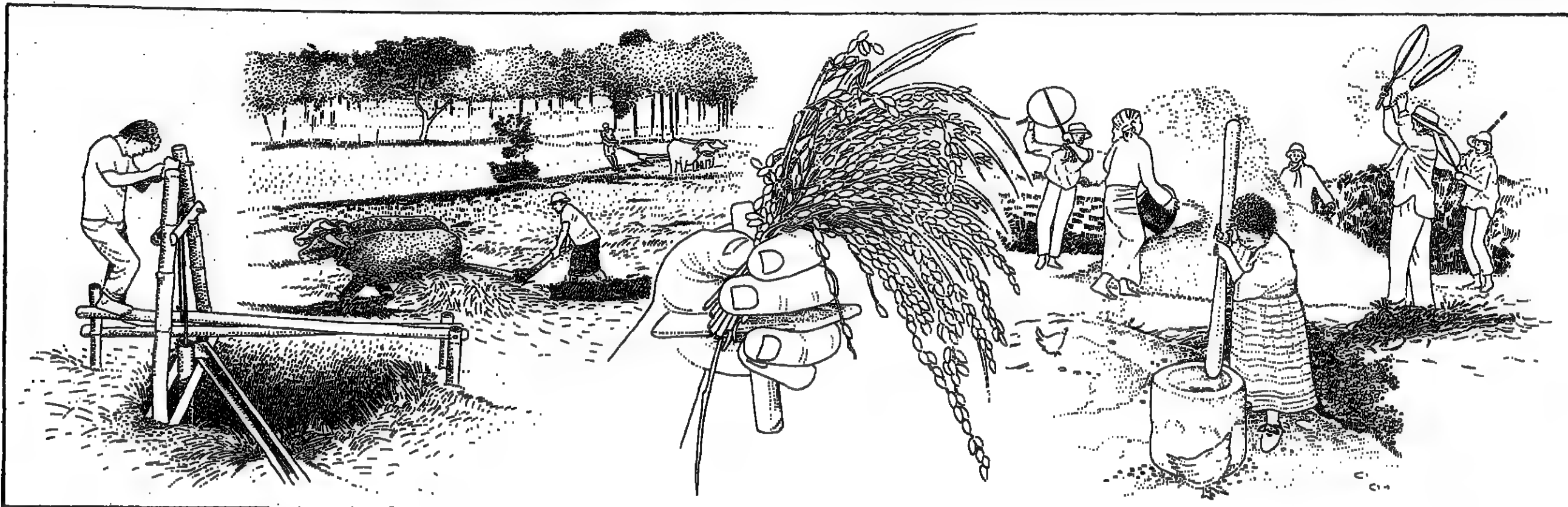
This has been almost entirely because of family commitments which have kept me in London, but it is an omission of which I am all too conscious.

It is not just because, as a Mancunian, I am aware of the perceived (and often real) pro-London bias in the media. (Several weeks ago, when I wrote a story on the top 30 young British chefs, we asked Christopher Chown from Plas Bodegones in Pwllheli, Wales for a photograph. He was amazed - only London chefs, he felt, were featured in the national press.)

I also feel an obligation to readers outside London, and to overseas readers who visit the UK but may not want to spend too much time in the capital.

More importantly, I believe strongly that restaurants outside London have had three difficult years. Many have done well to survive. Those which flourish have done so only by trimming prices and margins and, in what are invariably small family businesses, their own pay packets.

There could be worse to come. A recent editorial in *Hotel & Caterer*, the restaurant industry's trade magazine, predicted a difficult 1994 as a result of the tax changes in the November Budget. It estimated that typical middle-income restaurant-goers would find their available spending money cut by up to £100 a month in 1994 - and that this would have wide repercussions for the eating-out market.



An illustration from *The Rice Book*, by Sri Owen. This is probably the most handsome cookbook of the year, with sound and clear recipes. Of special interest is the section tracing the history and future of the grain

A healthy backlash against vulgarity

John Major will be pleased to hear that, in cookbook circles at least, there is already a return to basics. This year, I have received far fewer than usual of those with acres of garish technicolour pictures and overblown copy. In a healthy backlash against vulgarity, things are looking leaner, fitter and a great deal more appetising. To call this the year of in-depth probes into single foods could sound a little worthy, joyless and dull. In practice, it is quite the opposite.

A *Celebration of Soups*, by Lindsey Bareham (Michael Joseph, £18), is an outstanding book I would live happily on the recipes it contains. *The Bread Book*, by Linda Collister and Anthony Blake (Conran Octopus, £19.99), is splendid stuff, too. I wrote about both when they were published.

The new edition of *Jane Grigson's Fish Book* (Michael Joseph, £20) is compulsive reading. She was working on it shortly before she died and its incorporation of additions and updates to nearly two-thirds of the original. Also, you can find your way around it much more easily now that the entries are alphabetical. Her greatest gift, perhaps, is the way she makes you feel you are sharing an experience together.

Ices, by Caroline Liddell and Robin Weir (Hodder & Stoughton, £16.99), is far-ranging and thorough. Subtitled "the definitive guide," it is just that a magnum opus answering nearly all the questions you ever wanted to ask about ice-cream. I say "nearly" because nowhere does the book tell me how to make those intriguing *iced petits fours* sometimes offered in restaurants - a scoop of sorbet barely larger than a mothball, enrobed with chocolate.

The reason, the authors say, is that these can be made successfully only with a commercial freezer. They know the answer but there was not room to publish it. And, anyway, after five years of research, they had enough material to write a book three times the published length.

Another simple title, another comprehensive volume: *The Rice Book*, by Sri Owen (Doubleday, £20). This is probably the most handsomely produced cookbook of the year. Nice size, good paper, a clean typeset and layout, plus attractive black and white drawings on the cover and inside by Soum, Vannithum.

The recipes are as sound and clear as Sri Owen's fans have come to expect. This collection encircles the globe but - unsurprisingly,

given her background - it is the Indonesian recipes that excite the most. What really grips me, though, is the first 100 pages tracing the history and future of rice - its varieties, nutrition, production, and the myth and magic surrounding the grain. Facts are presented eloquently and the layman is not blinded by science.

We learn that in Louisiana and New South Wales, germinated seeds are sown by low-flying aircraft

else, I kept sneaking back to it. Slater has great flair for flavour combinations and he talks much sense. The book is snappy and fun. Sophie Grigson, Jane's daughter, is another invigorating young writer. *Eat Your Greens* (BBC £16.99) is tailor-made for those who like to centre their meals on vegetables rather than meat or fish. Some recipes are rooted in tradition, others are surprising, possibly appealing more to young and adventurous

Philippa Davenport reports that cookbooks published in 1993 have been leaner, fitter - and a good deal more appetising

straight into fields levelled by laser-controlled scrapers. Swamp or deep-water rice thrive in flood conditions near river mouths, able to grow 10-15 cm a day to keep pace with rising water levels. The unfurling of the flowers, 70 or so on a single panicle, sounds magical indeed. Rice pudding will never taste the same again.

Nigel Slater has produced another winner in *Real Fast Puddings* (Michael Joseph, £9.99). I am not sweet-toothed but the morning this one arrived, when I should have been concentrating on something

palates than hidebound oldsters.

Rena Salaman's *Greek Food* (HarcourtCollins, £16.99) is gentler in tone and slower in pace. This appeared first as a paperback original in 1993 and has long been out of print. Now in hardback for the first time, it seems as fresh and evocative as ever. The original and charming line drawings are retained while the text is enlarged pleasingly, revised thoroughly and includes extra chapters cut from the paperback.

Gift market books have grown up this year. They were always small hardbacks, decorative and unlikely

year of the paperback cookbook. Seldom has there been such a large and enticing crop of titles by top authors available simultaneously at such affordable prices.

Particularly irresistible are *Arabella Bazar's Book of English Food* (Penguin, £9.99); *Entertaining All-Italiana* and *Secrets From An Italian Kitchen*, both by Anna Del Conte (Corgi, £8.99 each); *Jane Grigson's English Food* and a compilation, *The Best Of Jane Grigson* (Penguin, £12.99 each); Margaret Visser's *The Rituals Of Dinner* (Penguin, £9.99); and M.F.K. Fisher's *With*

Bold Knife & Fork (Pimlico, £8). Classics all.

Young writers are well represented with *A Feast Of Flavours*, by Annie Bell (Corgi, £5.99); *Sophie's Table*, by Sophie Grigson (Penguin, £8.99); and *Real Fast Food*, by Nigel Slater (Penguin, £5.99). This trio would make a marvellous starter library for any young cook about to set up kitchen. Shaun Hill's spirited *Quick & Easy Vegetable Cookery* (BBC also is excellent).

Because good eating begins with good shopping, all cooks would do well to be armed with Henrietta Green's *Food Lover's Guide To Britain* (BBC, £9.99) and Glyn Christian's *New Delicatessen Food Handbook* (Good Food Retailing Publications, £9.99). But the Christian book is let down by bad production. The pages are trimmed atrociously, print and paper are poor, and Boyd-Hart's illustrations are ruined by crude reproduction. The text, however, is well-researched, wide-ranging, and written neatly - often, entertainingly.

After years of a culinary love affair with Italy, I find myself seduced once more by Gallic charms. Marie-Pierre Moine's stylish *Fast French* (Conran-Octopus, £15.99) boasts eminently cookable, eminently edible recipes. Mireille

Johnston's *Cookery Course Part 2* (BBC) provides delicious back-up for her engaging television series.

Jeanne Strang's *Goose Fat & Garlic* (Kyles Cathie, £9.99) is relaxed and richly inspiring. Strang has spent part of each year for the past 30 soaking up the pleasures of south-west France. The place, the people, the food and the way of life come warmly through every page of her vivid and affectionate portrait.

Here is country cooking of the first order, the sort of foods I love best. This is the home of the geese, the duck, the pig, of prunes, truffles, mushrooms, chestnuts, walnuts and game. The more I dip into the book, the more addictive I find it.

Finally, I rejoice in the offerings of a publisher I have not seen before: Seriph, which has brought out *Cooking With Pomme* and *Cooking In Ten Minutes* (£7.99 and £5.99 respectively) both by Edouard de Pomiane. He is an utter delight. You would have to be dull of soul not to have your spirits and appetite lifted by him.

Pomiane can be brilliantly practical. He is deft, witty, to the point. His lightness of touch is a salutary reminder that good food can be taken too seriously. Cooking should be fun.

The crop of new wine books this year is smaller than usual. Perhaps this reflects the fact that wine bookshelves are over-crowded already.

Perhaps, too, publishers have realised that even many frequent drinkers of fine wines are less interested in exploring their background than might be expected, even though this would add to their appreciation.

In *The Wines of Alsace* (£14.99, Faber), Tom Stevenson has compiled, rather than written, an encyclopaedic tome on this leading French wine region. Although imports to the UK have more than doubled in the past 10 years, they account for only 5 per cent of Alsace's total exports.

The book is constructed on a large scale. After the usual chapters on *terroir*, grape varieties and viticulture, there are descriptions of each of the 116 wine villages, followed by the 51 *grands crus*. The appellation adoption that began in 1983 remains a source of controversy.

There are substantial chapters on named sites and varying styles of wine and the people concerned. The author discusses the wines of each grower. (He regards Trimbach's Clos St Rime as not only the outstanding Alsace Riesling but also one of the world's greatest white wines.) So many individual properties in the area make more than one type of wine that the number assessed is very large.

If the reader's thirst for information has not been slaked, there are assessments of vintages back to the Dark Ages, charts, tables and statistics - such as the number in the population speaking the local patois

Everything you need to know about Alsace

(75 per cent). But the visitor to one of the most attractive of France's wine regions can select the relevant information without difficulty. Beaujolais vies with Alsace as France's most pleasant wine region; it is more rural and its lower mountains are more accessible. *Beaujolais*, by Michael Bulet (Thames & Hudson, £24.99), is essentially a picture book by the region's highly professional photographer, Pierre Cottin.

The author's text is supplemented by a former grower, Louis Brechard, and by Comte Henri de Rambuteau, the owner of Chateau des Granges who died before the book was published. It provides compelling reasons for visiting Beaujolais and trying its early-maturing, easy-to-drink wines.

With walking holidays in France increasingly popular, it is appropriate to associate them with wine. Nigel Buxton's *Walking in Wine Country France* (Weidenfeld & Nicholson, £20) covers the eight main wine areas, from Alsace to the Cote d'Azur. Full-page maps are accompanied by the relevant IGN map numbers for the walks themselves.

Each has an introductory section, followed by the author's own experiences on his walking tours, with a closing section on the region's wines. It is well-planned, as its large format and weight would make it unsuitable for the rucksack.

Although fewer wine books than usual were published this year, Edmund Penning-Rowsell recommends several that he feels merit bookshelf space



Jane MacQuitty's *Champagne and Sparkling Wines* (Mitchell Beazley, £8.99) and Roger Voss's *Port and Sherry and Other Fortified Wines* (Mitchell Beazley, £8.99) both derive from the publisher's pocket wine series and have been expanded and updated into comprehensive, critical guides.

Indeed, their range, particularly MacQuitty's, describe world production of wines once associated with a single area. Only a third of her book is about champagne, and more than 50 Italian wines are listed, while many fortified wines are now made in the New World.

For champagne alone, Don Phillips's *The Champagne Almanac* (Eric Dobby Publishing, £7.99) provides a compact alphabetical guide to every champagne house, with statistics, its label illustrated and

notes on the varieties each markets.

Bob Thompson is a respected senior writer on US West Coast wines and his *Wine Atlas of California and Oregon and Washington* (Mitchell Beazley, £25) is a useful addition to this publisher's series of wine atlases. In addition to 36 district maps, the history and details of grape varieties and climatic variations are given for a series of wine-growing districts. All the vineyards of any significance are described under the controlled appellation, American Viticultural Area (AVA), with notes on the quality of each.

The section on Oregon and Washington is no less detailed. Washington produced its first wine, a Gewürztraminer, in 1897 and Oregon the first Pinot Noir in 1972. Travel information is provided throughout and every opening has an illustration.

Grapevine, by two well-known wine writers, Anthony Rose and Tim Atkin (Headline, £5.99) is a compendium of more than 2,000 mostly recommended wines in one or other of 24 supermarket and off-licence chains, arranged alphabetically, quality marked out of 20 and with value marked by pound signs.

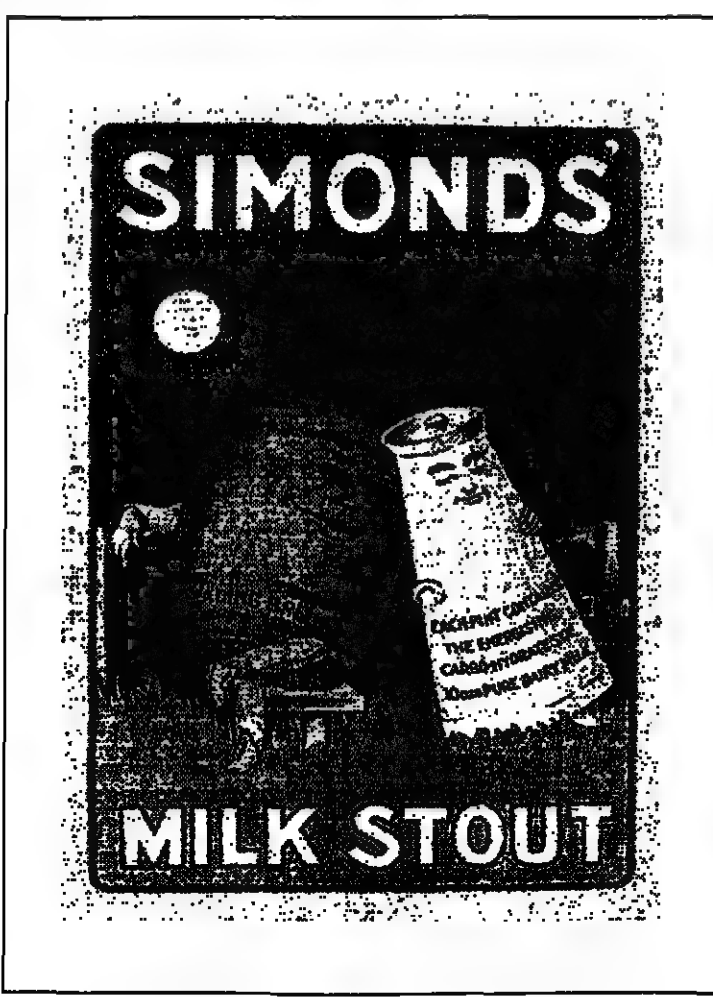
The wines were tested between last May and September, so a proportion is likely to go out of stock as 1994, which it covers, progresses. Nevertheless the breadth of selection is impressive and the comments on each wine succinct. But its claim to be "the complete wine buyer's handbook" for next year cannot entirely be maintained, as the independent private merchants' wines are not included.

Moreover, although some Bordeaux and Burgundy wines are listed (mostly the less expensive), it is not quite fair to write that they have "rested on their laurels for so long that they've forgotten what their customers want to drink."

In both regions, and particularly Bordeaux, very large investments and technical advances have been made in recent years, accounting partly for their cash-flow problems - and, after all, they produce some of the world's finest wine.

Robert Parker needs no introduction and the third edition of his *The Wine Buyer's Guide* (Dorling Kindersley, £30) first published in 1989, has now increased the number of wines assessed to more than 7,500 in a tome weighing more than 4lb.

His notes on estates, smaller growers' wines and vintage assessments are highly apposite but his ratings are regarded widely - at least on the eastern side of the Atlantic - as over-precise, for the development of the finer wines may be irregular.



Simonds, in Berkshire, was a brewery clearly keen on milk stout. This old poster, advertising its famous wares, is just one of the well-researched illustrations from Michael Jackson's *Beer Companion* (Mitchell Beazley, £24.99) an enthusiastic book for anyone who enjoys - or wants to know more - about beer

FASHION

Best foot (fetish) forward

The young woman in the wine bar was furious. Shoes were the problem. She had, she told her friends, searched and searched and not a shoe shop in London had anything for sale that she wanted to buy.

They were full of platforms; hideous, ugly, clumping, frightful, unsexy, horrid platforms. Nothing nice, she reiterated, as she gazed fondly at her well-polished spike-heeled courts, amid mutters of passionate agreement from the friends. One began to fantasise about a lynch mob teetering into London's stores to demand nice shoes. Lots of them.

Shoes can arouse strong passions. When the democratic masses liberated Imelda Marcos's formidable wardrobe in the presidential palace in Manila, they were deeply shocked by her 3,000 pairs of shoes.

For the Filipinos, and for the world those shoes became the symbol of greed and excess. But, as puritans, moralists and right-thinking people exclaimed in disgust, some remained silent. Many women could understand Imelda. After all, some knew that their own closets were crammed with shoes. Given Imelda's ill-gotten resources, who is to say that they too would not have

managed to accumulate a similar number? Some women have a shoe thing. It is not really a guilty secret. It is just that talking about it tends to cause men a disproportionate amount of distress. But among themselves certain women are open about their shoe habits.

"I'm a shoe fetishist," says Elaine Paige, the singer. "I have a real fetish for shoes," says TV personality Gloria Hunniford defiantly. "I have a mega fetish about shoes," explains Ulrika Jonsson, a television presenter. "I'm a shoe fanatic," is how designer Edina Ronay puts it. "I'm a complete shoeaholic," jokes actress Kate Hardie.

"I've got about 25 pairs, not counting dancing shoes," says Darcy Bussell, the ballerina. "I have about 50 pairs," says actress Tara Fitzgerald. "About 100 pairs," guesses Gloria Estefan, singer.

"I own about 200 pairs," says Belinda Carlisle, also a singer, without hesitation. "Let's just say," says Charlene Tilton, a former star of Dallas, "that I understand Imelda. I have a whole wardrobe full of high-

heeled shoes."

Greta Garbo once bought 70 pairs in the same style (but several colours). Marlene Dietrich, who had hers made to measure by Ferragamo, reckoned that, since a pair were worn out after two outings, a replacement had to be ordered immediately. Why, when women

wriggle into three clothes outfits in a cramped changing room. And she does not have to address the fact that a dress size 10 no longer appears to accommodate her hips. One's shoe size remains reassuringly constant.

Then there is the fashion imperative. Or, as the shoe designer, Man-

She had decided to pass on long skirts and the soft, slender outline of 1938, the look which demands clumpy shoes and looks trumpy with spike-heeled court shoes. So she was right about her needs.

Few of us are so impervious to fashion's swings. Most of us have clambered aboard a pair of plat-

shiny leather, softest suede, satin, grosgrain, leopardskin print, brocade or lace, all in deeply impractical colours and adorned with bows, buckles, sequins, gilt or embroidery.

Women can use shoes to express (and then hastily banish to the back of the cupboard) a fantasy self. This self is simultaneously ultra feminine, fragile, refined and a total vamp.

Not that these shoes are the stuff that true shoe fetishists' (always male and usually masochistic) dreams are made of. They do not have to be. For reasons that psychiatrists, psychologists and fashion historians are all unable to fathom, the female foot and its shoe are erotically charged.

When, in the 1970s, William A. Rossi had a stab at solving the problem in his book, *The Sex Life of the Foot and Shoe*, he concluded that there were several factors at work. The intrinsic sensitivity of the feet (toe-sucking apart, has anyone tickled yours recently?) makes them an area of sensuality.

Then there's Sigmund Freud's

argument that the foot is a phallic symbol. There is also the way high heels affect the wearer's gait and posture, emphasising the hips and buttocks, arching the back, thrusting the bosom forward, lengthening the leg, tightening the calf muscle and focusing attention on the ankle.

Fragile ankles and small feet are feminine and, in terms of dress, anything which reinforces gender differences is sexy. Unfortunately, nowadays most women have comparatively large feet and sturdy ankles.

Perhaps the endless quest for shoes is, in fact, the endless quest for ideally feminine feet and ankles. But there is a new element. The female executive's 1980s "power" uniform was incomplete without her high, high heels.

As she strode out, hips swinging, she felt in control, autonomous, truly powerful. There is no rule that says you cannot invest an old accessory with new symbolism and then feel undermined when the symbol is snatched away from you.

Significantly, when the Michael Douglas character in *The War of the Roses* decided to whip his uppity wife into line, he invaded her punctiliously ordered closet and, leaving horribly, sawed the heels off all her many shoes.

Imelda Marcos had a shoe hoard which shocked the world. But, says Brenda Polan, some women understood why...

can be infinitely cautious and restrained when buying clothes, are they so inconsistent where shoes are concerned?

There are several practical explanations. Unless a shoe is made-to-measure, it is unlikely to fit perfectly. Those of us whose feet do not chance to match a manufacturer's last, are engaged on an endless quest for comfort.

Given a co-operative sales assistant, a woman can try every shoe in the shop in the time it takes to

ole Blahnik, puts it: "A fine shoe is an essential part of fashionable dress. It can provide an accent to an outfit - whether witty, solemn, provocative or simply elegant. Dress designers know that the right shoes are a crucial ingredient to a successful look."

And the wrong shoes can wreck an outfit. As fashion changes its proportions, every element of dress changes. The woman in the wine bar was wearing a tight mini skirt and a jacket with square shoulders.

forms. So, to a certain extent, women's shoe hoards represent the detritus of their journeys along fashion's meandering highway. Not so much a problem of rampant acquisition as one of never throwing away.

And yet there is more to it than that. When pressed, some women admit to never wearing, indeed to never having worn even once, a high proportion of their hoard. Pressed to show and tell, these women will tenderly unwrap delicate, pointy-heeled confections of

Nights of languor, luxury and discomfort

Shops are full of exotic nightwear. It's glamorous, but can you sleep in it asks Lucia van der Post

Have you had a good trawl through a posh nightwear department lately? If so you may wonder what kind of lives the buyers of such garments lead. Very different, I feel sure, from life *chez moi*. Sad, really, how underprivileged it makes one feel.

Here, in their beautiful profusion, are folders to gladden the eye of any potentate: garments so wondrous, so exquisite, so vertiginously priced, that it would take a potentate to pay for them. But where are the potentates in my life? Nowhere to be seen, that's where.

Take (if you have £500 to

Photographer: Clive Warwick.
Stylist: Linda Leeming.
Make-up: Karen Miller for Nocturne.
Hair: Gary Halliday.

spare) the pure silk softest rose-pink negligée, photographed right. Delicately, palely, ravishingly seductive, these are night-clothes waiting for Cecil B de Mille and his cameras, for smooth-browed suitors, for intimate little suppers of champagne and caviar, for standing about in looking lovely but they are not - perish the thought - garments conducive to a good night's sleep.

But this does not mean they do not have a role. These are garments to keep some dreams alive, garments for the wives men wish they had, and just possibly for the wives they did once have, and most of us are given something like it at one or other of the Christmases that punctuate our lives.

Mine, a specially winsome turquoise silk number, edged with exquisite lace, spends most of its life beautifully folded in tissue paper in a bottom drawer. I am never quite sure why I do not wear it more often but I suspect it may have something to do with the fact that it cannot go near the washing-machine and it takes a good hour and a half to iron. Nightwear like this comes loaded with nostalgic references. It reeks of leisure evenings, of discreet help lurking in the background, of carefree distancing from domestic

tribulations. It reminds us of those soft, sensuous pre-Lycra days, when nightdresses were made of fabrics that draped and fell and wished most satisfyingly.

Modern technology has produced materials that ape this kind of luxury very effectively - even when you know that it is not really silk you can hardly tell the difference. Not surprisingly, the place to find some of the best of the look-alikes is our chief knicker supplier (Marks and Spencer) but even grand emporia, such as Harrods and Harvey Nichols, offer good selections.

So beguiling is some of the nightwear that it is not surprising that the boundaries between what was once thought suitable only for the bedroom and what could appropriately enter the ballroom have blurred.

One of the most frequently spotted evening dresses this season has been a floaty M & S nightdress. Worn with leggings underneath (to preserve not just modesty but give it the fashionable layered look and an air of mystery) and some of Philippe Model's fabric shoes, it can look wonderful.

Some nightwear has got quite terrifyingly modern. Dolce e Gabbana, has produced a whole collection that is almost entirely - I ask you - black. Harrods, which has as comprehensive a department full of nightwear as you could hope to see, has gone big on designers this season and says that it has, in retail-speak, "been walking out of the department". This is something of a mystery to me, for if I had been unloading the delivery van, I would have dispatched it straight to separates (casual). There were some sporty-looking double-trousers (the top half of the trousers stops halfway down and longer length trousers peek out below) all in a tough sweat-shirt material. I daresay that customers are finally taking that endless perky advice to think laterally and are wearing it down to the gym.

Some people's idea of boudoir chic revolves around the biggest most luscious white towelling robe of all (mine did until I had a close encounter with a health farm). Egeria, I am reliably informed, is the Rolls-Royce of white towelling robes. Soft, thick and luscious, Fenwick of 83, New Bond



Languid glamour in a 100 per cent negligée set by Saxon, £200, available from Harrods

Street, London W1, says it sells masses of them all year round, even at £215 a time.

Even more luxurious and imbued with the understated sexiness that menswear often confers on women, is a pure soft cashmere dressing-gown. Pringle does them in a host of colours, and though at £747.50 they are even more expensive than the rose pink silk, they do at least keep you warm. For those spending long weekends in draughty country houses it may well be a necessary investment (save on BUPA and the central heating).

If those prices send you into a tizz, then a good troll through a store such as Fen-

wick will produce plenty of less expensive solutions to the search for a little night glamour. M & S has done its customers proud this winter. It offers classic pure silk cream pyjamas - very Katharine Hepburn - at £80 a pair and a matching beautifully plain long silk wrap for another £60.

For those who aim for a clean-scrubbed, wholesome look rather than world-weary glamour, tartan could be the answer. It does look effortlessly chirpy. At Harrods, the tartan nightshirt featured in its catalogue and selling at £49 has been one of the winners of the season. M & S (again) has a big selection of checks and tartans. For a more sporty sort of look there are red-based tartan pyjamas at £25 and a matching dressing-gown at £35.

Of course, if all she wants is something comfortable to go to sleep in, then it is hard to beat a capacious T-shirt. But let her buy that for herself - a T-shirt under the tree is not, I think, conducive to a harmonious festive celebration.

The portrait of Rei Kawakubo in Weekend FT December 4/December 5 should have been credited to Timothy Greenfield-Sanders and the picture of Christy Turlington to Steven Meisel.



It wouldn't look better on a man! Dominique soft blue double cashmere dressing gown, £747.50, from Pringle of Scotland, 93 New Bond Street, London W1. More stockists ring 081-499-2727. Worn over midnight blue strapless bra £13.99 and briefs £7.99, both by Berel. For more stockists ring: 0825-850-088



Cool and classic in an ivory silk robe by La Perle, £310, with matching pyjamas, £299, in ivory or black, sizes 10 to 16. Available from Harrods of Knightsbridge




Transatlantic chic in a silk ruby-flecked robe by Fernando Sanchez, £399. Worn over black Sanchez pyjamas, £219 from Harrods. Fireplace decoration by Cameron-Shaw, 279 New Kings Road, London SW6



Crisp and cheerful in a navy check dressing gown by Marks and Spencer, £35. Fabric 67 per cent polyester/33 per cent viscose, available at major branches of M & S nationwide

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مكتبة الادب

SPORT

Financial Times Round the World Ski Expedition / Arnie Wilson

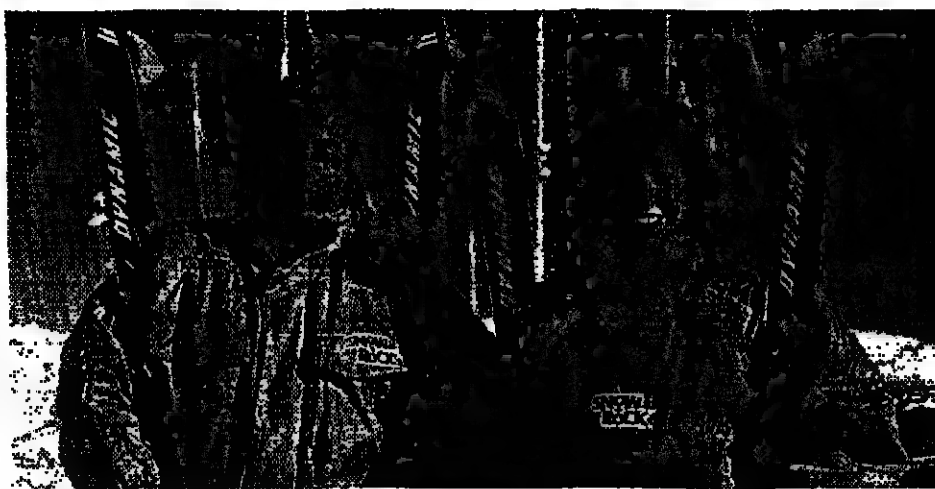
Skiing every day for a year – can it be done?

Skiing a Himalayan glacier in the middle of the night might sound like madness – or snack of unnecessary bravado. But it is going to be vital during the *Financial Times* Round the World Expedition if we are to ski every day and still make it from one resort to another.

Our expedition timetable is littered with logistical problems, such as how to get from the Himalayan slopes to Tokyo via Delhi on a hot May morning so that we can ski the next day. But once Lucy Dicker, my skiing companion, and I decided to ski for 365 consecutive days, such difficulties became inevitable.

Skiing every day is a tall order, but if necessary we will ski first thing in the morning, then travel all day and all night, and again the following day to reach our next resort. We will certainly be skiing every morning before we leave a resort in case an accident or road blocked with snow throws us off schedule.

We are not trying to ski every resort in the world nor to ski in a different resort on each day – even if we had asked every known slope in the southern hemisphere, there would still have been a gap while we waited for the snow cannon to start churning out the artificial variety in Colorado or Vermont.



Arnie and Lucy: will they still be taking by the time they get to Bridger Bowl?

ado or Vermont.

So we have settled for skiing every day – but not necessarily in a different resort.

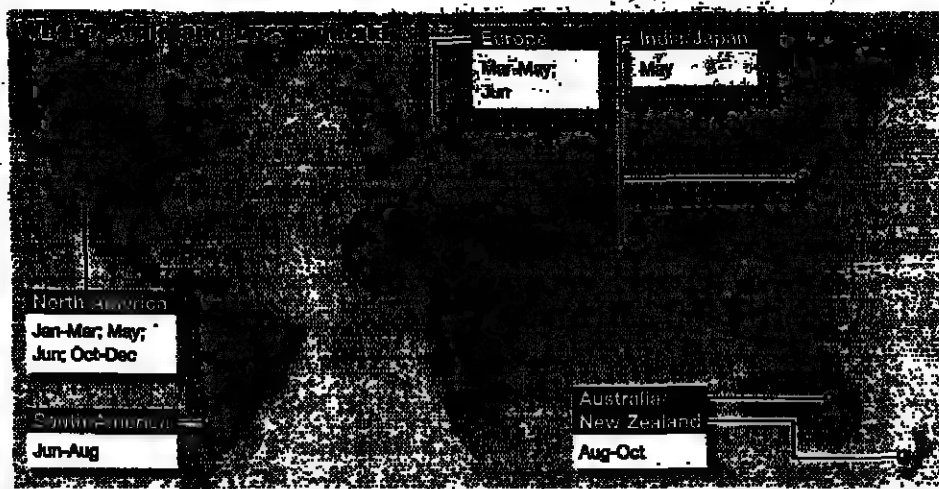
Cross-country skiing will only be permissible in an emergency, skiing on grass will only be tackled as a last resort; if our Tahiti connection between Santiago and Auckland fails to materialise, we might even have to waterski.

Readers can become involved too, as we will be taking altimeters, speedometers and mileometers to keep a record of our progress and provide data which will form the basis of reader competitions with prizes including magnum of rosé champagne, ski holidays and ski clothing.

Some people who are aware of our skiing odyssey, which

begins in Jackson Hole, Wyoming, on January 1, believe we are on a hiding to nothing. Others are profoundly jealous as we embark on what one colleague has described as the "world's longest freebie". Both may be true.

Miss Dicker prefers to think she has joined an expedition straight out of the pages of a Boy's Own adventure book.



In search of snow: beginning and ending in North America, the expedition will visit Europe, Asia and Australasia

Born in the south of France, she has been a staunch Anglophile since she moved to Britain 21 years ago. She has thrown caution to the wind and given up her job to share this adventure.

With her Provencal flair and efficiency, Lucy has borne the brunt of the planning. No doubt we shall endure our normal share of problems, all-

ments and disagreements: even during the planning stages, Lucy and I have made blunders and enjoyed a few rows. One resort – Bridger Bowl in Montana – has even been taking bets on whether Lucy and I will be speaking when we arrive there in February.

During the next year we shall struggle breathlessly in the mighty Himalayas, weave

our way down the busy slopes of the Japan Alps, gaze in wonder at the awesome Canadian Rockies, marvel at the remote wilderness of the Andes, hear the squawk of Crimson Rosellas in the snow-clad eucalyptus trees of the snowy mountains in New South Wales, and ski among the seagulls amid the maritime peaks of the New Zealand Alps.

The idea to ski the world grew out of an article I wrote for *Vogue* a few years ago when I invented a maiden aunt, Charlotte, and, with the help of an imaginary legacy, skied the world.

Prompted by the thought of spending my forthcoming 50th birthday somewhere exotic, we thought we might as well spend the whole year on skis.

Originally, I would have spent my milestone birthday in February in Bruce Mound (unkindly dubbed Purple Horn by a colleague) in a remote part of Wisconsin. I was curious to see it because of its unusually brief vertical drop: 200 feet from top to bottom.

But we decided that Bruce Mound might have proved to be an anticlimax: instead we will be in Summit County, Colorado, skiing the likes of Breckenridge, Copper Mountain, Keystone and Arapahoe Basin, which together form the Ski Summit area.

The grand finale – if we make it – will be at Jackson Hole, where the resort's chief executive, John Resor, is preparing a welcome party at his ranch on January 1, 1995.

■ The telephone number for SkiSki, featured last week, should have read 071-352 0044.

■ Next Saturday: Arnie's first expedition report, plus reader competitions

In sport, many of the 1993 records were set at the bank. Peter Berlin looks at the year's big names and numbers

The winners in the money game

This has been an excellent year for English football. Ask any club manager. The national team failed to qualify for the World Cup finals. Only one British club, Arsenal, is still in a European competition. But by any commercial measure it has been another good year. For English football the recession never happened.

Since the old first division split from the lower three divisions in 1992 to form the Premier League, the Premiership clubs have exploited their marketing opportunities with unprecedented efficiency. Meanwhile, the jilted clubs of the Football League have more than made up for lost revenue. Even England's elimination from the World Cup provides clubs with an opportunity, one commercial director said, he believes some of the money earmarked to sponsor the England team in the US will be redirected to club football.

Before 1992 all four divisions were covered by a £44m four-year deal with ITV. In 1992 the Premier League signed a five-year contract worth £304m with BSkyB and the BBC. Meanwhile, the Football League signed one of its own with ITV and this year its broadcasting revenue is £8.5m. The sponsors have followed. In 1992 the four divisions shared £2m from Barclays Bank. This summer the Premiership signed a £12m, four-year deal with B&S, the brewers, and the Football League signed a contract worth £1.5m per annum with Endeligh Insurance, to give it total sponsorship revenue of £2.7m a year.

The clubs have coped well with the demands of the Taylor Report on ground safety, chiefly because they have found someone else, the Football Trust, to foot the bill. The Football League clubs have spent £75m on ground improvements, 75 per cent of which has been grant aided. The number of seats in the three lower divisions rose from 233,000 in 1990 to 455,000. By next season, when fans at Premier League and first division grounds must all be seated, England and Wales will have the largest collection of modern stadia seating 20,000-plus outside the US.

Clubs in the lower divisions have until 1999 to meet more lenient conditions, but their costs are daunting – estimated at £200m by the Football League – especially if the national lottery bites into the pools companies' income and



In the money: Ryan Giggs signed a new contract with Manchester United and one with Farnham in 1993

the £43m a year they pay to football, £37m through the Football Trust.

More seats mean increased revenue: the cheapest seats at English grounds cost as much as 50 per cent more than a standing ticket. The fans are paying more and more, yet

attendances climbed in every season from 1985-6 to 1992-3, from 16.5m to 20.6m, and are up by 8 per cent in the Premiership and by 3 per cent in the Football League this season. Most clubs have also installed executive boxes and upmarket catering facilities to

increase revenue further. The old army of working-class fans, which would fill English football's uncovered terraces in all weathers, has gone the way of the cloth cap. The football fan has long since moved to Essex and only now is English football catching up

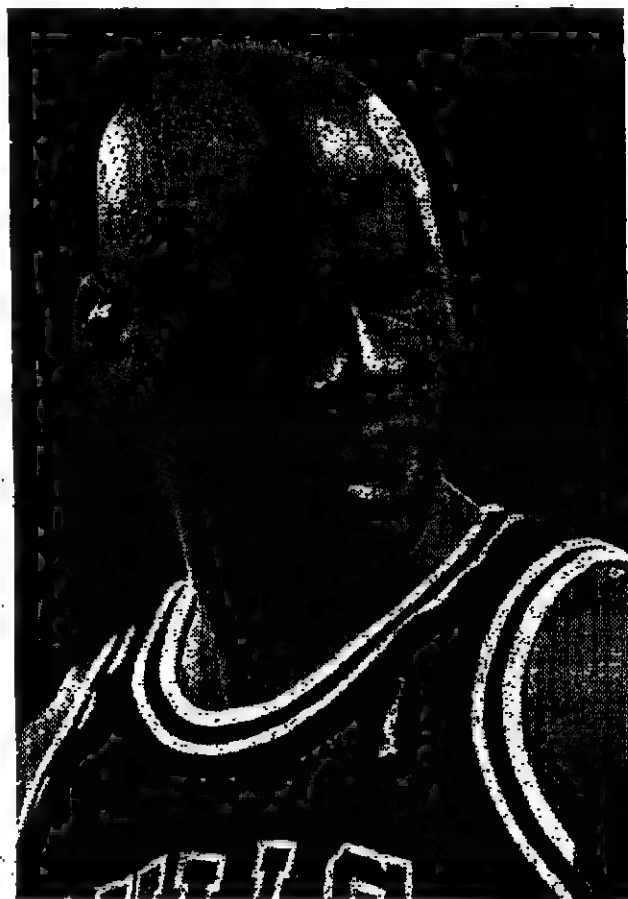
with him and his wallet. The question is whether the clubs, having moved upmarket, dare abandon their "pile them high, sell them cheap" approach to fixtures, drop some of their shoddy competitions and play fewer league games to trim their destructive fixture lists.

In part, the smaller clubs are thriving by accepting their second-class status. Clubs wear their commercial status on their shirts. Smaller teams are sponsored by district councils, local building societies and radio stations. The top Premiership teams are sponsored by national beer brands or international electronics goods companies, investing in teams with national or international profiles. These clubs have been the biggest financial winners.

In 1989 Liverpool were on their way to the league title, turnover was £4.7m and profits £145,000. In 1993 the club was mid-table but turnover was £17m and profits £1.5m. Between 1990 and 1993, Manchester United's turnover rose from £11.6m to £35.5m. United's aim is to match Barcelona's reported turnover of £50m.

The key is Europe. If United win the league they will gain a bye to the divisional stage of the revamped European Cup and at least six matches against Europe's best teams. This season ITV paid £1.3m to screen United's four early-round matches in the European Cup. Next year ticket and TV revenue at each home game could add up to £1m. United will use the cash to augment a large, highly-paid squad of players – topped by the British record signing, Roy Keane, bought for £2.7m, paid an estimated £6,700 a week. For the moment, the biggest clubs are being helped in this by another growing source of revenue: individual sponsorship for their most exciting players. This year Ryan Giggs of United signed a £200,000 contract to wear Reebok boots. He can expect to stay with Reebok for his entire career. Things will become interesting when the desires of his two paymasters no longer coincide.

For now, as the club chairman and their sponsors, accountants and bank managers gather in the hospitality lounges of England's football grounds over Christmas and look out on the executive boxes and luxury seats filled with more accountants, bank managers and sponsors, the toast will be for a New Year as prosperous as the old one.



In the spotlight: Michael Jordan took the money and retired

It was the year of the big pay day. It was the year Linford Christie was paid £100,000 for a meaningless 100m race with Carl Lewis.

It was the year Lennox Lewis won the WBC world heavyweight title the smart way, without throwing a punch and became Britain's highest-paid sportsman. He earned £2m for beating Frank Bruno, who appears more often in pants than in the ring, and £5m for defeating Tony Tucker, who ought to follow Bruno's example. Evander Holyfield and Riddick Bowe shared \$15m when they fought for the WBA and IBF titles. Lewis and Holyfield may split a far larger purse in 1994. The winner will then try to hang on for the biggest pay-day of all when Mike Tyson's six-year prison sentence ends.

French police found £250,000 buried in the garden of the mother-in-law of Christophe Robert, a Valenciennes player. Robert said the money was a bribe to lose to Marseille. Marseille became the first French club to win a

European trophy but was then thrown out of this season's Champions Cup and Intercontinental Cup.

The New Zealand Rugby Union said it would try to provide its top players with £30,000 a year and the Welsh Rugby Football Union and Swansea found a job for Scott Gibbs who was talking of turning professional.

But in the year of the big cheque, the biggest earners in men's and women's sport left the stage.

Monica Seles won \$2.5m in 1992. She was on the way to passing that total when, at a tournament in Hamburg in April, she was stabbed by Gunther Parche, who wanted Steffi Graf restored to number one in the rankings. The injury required one stitch but damaged the shoulder muscles of Seles' playing arm. Parche received a two-year suspended sentence. Seles has not played since. Rumour surrounds her: is she psychologically scarred? Is she using the injury as an excuse to allow her battered knees to recover? Is she secretly turning herself into a



Out of the limelight: Monica Seles

serve and volley player? Seles plans to make her comeback in January at the Australian Open.

Michael Jordan who earned an estimated \$6m this year, retired "for now" in October. In June, Jordan led his "reporting card" – the Chicago Bulls, to its third consecutive National Basketball Association title. In August, his father, James, was killed, apparently while being robbed. Then Jordan's gambling, frowned upon in US sport, became the subject of investigation after a golf partner wrote a book dedicated to the case of Jordan's bets.

For a man whose greatest quality was his willingness to take responsibility on court when the spotlight was most intense and who is paid an estimated \$28m a year to be the public face of, among others, Nike, Gatorade and McDonald's, life under the unrelenting scrutiny of the US media seemed to have paled. Even though Jordan is not playing, the Bulls are said to be paying \$3.9m of his contract this season. It means that, under the complex NBA complex rules, the Bulls would be able to play Jordan should his competitive nature draw him out of retirement.

The biggest stocking filler of all was named this week. In the US, Fox Network won the television rights to the National Football Conference, the older of the National Football League's two divisions. CBS had broadcast NFL games for 28 years, but could not match the \$1.56bn (£1.6bn) four-year bid by Fox, seen as a down-market interloper by its rivals. This may ring a bell with UK soccer fans, but then the largest shareholder in BSkyB is Rupert Murdoch who owns Fox. He makes an unlikely Santa Claus.

The Chinese puzzle

In September the sporting world orbited around Beijing. In part this was predictable. The long campaign to host the 2000 Olympics was a battle between the pro and anti-Beijing factions. At the vote in Monte Carlo on September 23, Beijing lost to the white-breast candidate, Sydney, 45-43.

The explosion of records set by Chinese women runners in Beijing over the preceding fortnight may have been calculated to win votes by confirming China's emergence as an athletic power. Instead they brought accusations of cheating. As Linford Christie said: "The world of athletics has gone mad. Everyone thinks everyone is taking drugs."

On September 8, Wang Junxia cut 42 seconds off the women's 10,000m record. On September 11, Qu Yunxia won the 1,500m in record time. Wang, second, also beat the old record. On September 12, in the 3,000m heats, Zhang Linlin broke the world record, then Wang broke the new record by nearly 10 seconds. The next day she broke that record by six more seconds.

The wins were greeted with disbelief. "Here is a 20-year-old coming out of the blue. It goes against everything in athletics. You train to progress and get better. There is no progression with the Chinese. It doesn't make sense," said Lynn Jennings, three times the world cross country champion.

The Chinese runners are members of a team coached by Ma Junren. Ma's army often runs a marathon a day. Ma's regime emphasises posture and diet, which includes caterpillar fungus tonics and soft-shelled turtle blood.

Distance running has been largely free of drugs because bulk steroids hinder sprinters. Runners need to increase their blood's ability to carry oxygen. One way to do this is to train at altitude. Ma's athletes do a lot of this.

But many have sought other explanations. Some suggest blood doping. Blood is drawn from the athletes and stored. Before a race the blood is re-infused, increasing the concentration of blood and its capacity



The great leap forward: China's Wang Junxia (left) and Qu Yunxia

to carry oxygen. Others worry that the Chinese are using a synthetic hormone developed for kidney dialysis patients which stimulates the creation of red blood cells. It may be that the Chinese have learnt from the old Eastern bloc: the art of selecting athletes at a young age. Since

China has one fifth of the world's population such an approach would inevitably yield results. The logical first target would be the softest set of athletics records, in the events with the shortest history and low numbers of world class participants: women's distance running.

The things they said

I used to quite like turnips. But now my wife refuses to serve them. Graham Taylor, former England manager.

There probably were three countries in the world who would have caused us logistical and security problems – Iran, Iraq, and England. Alan Rothenberg, chairman of the US World Cup organising committee counts his blessings. They will be remembered mostly as a dirty side. That is sad for them but they deserve it. Some of their play has been beyond the conventions we obey and I feel sad about the damage they have done to rugby's image. Will Carling, England captain, on the All Blacks.

It is comic. We have millions and millions of athletes. Primo Nehole, head of the IAAF, on the threat by US athletes to boycott the Stuttgart World Championships over prize-money. Anybody good enough to win one already has one. Michael Johnson, US sprinter, on the IAAF's offer of a Mercedes for each winner. Pete Sampras on why he walks around court with his head down: I'm looking for money.

I never thought the day would come when I would be paid to wear sports gear. Ryan Giggs on his £200,000 deal with Reebok. I used to think the construction industry was bent but I was shocked by what I saw in other football clubs. Football seems to be bent from top to bottom.

Linton chairman David Kohler. As the manager of the national team you know that, apart from the chancellor, you'll probably be the most hated person in the country. Ossie Ardiles on why he does not want to manage England.

They've been loyal to me. When I came here they said there would be no money and they've kept their promise. David Bisset, manager of Sheffield United.

What else am I going to do, be a nuclear scientist? Mike Tyson on his plan to resume boxing when he is released from prison. Parachuting has become almost too safe. We are taking the fun out of the sport. Kevin McCarthy, instructor.

Handwritten signature or text in a box.

TRAVEL

A safe, content Club Med virgin

Michael Thompson-Noel in a village of the future

I wouldn't be surprised if some time next century millions of people lived in villages modelled on the Club Med principle. Bright, shiny living space surrounded by exotic greenery. Excellent food. Non-stop sport, for the sportingly inclined - although none of it compulsory. Young and personable minders. Night-life every night. And the happiness and sense of safety that come from being cocooned in an environment from which the realities of the outside world are strenuously excluded.

Until last September, I was a Club Med virgin. I had not visited a single Club Med village, though there are enough of them about, from Morocco to Malaysia, Mexico to Mauritius. If you had stopped me in the street and asked me what I thought Club Med signified, I would have said that I imagined it attracted the bronzed and the beautiful swingers in their 20s wearing spangled g-string bikinis with nothing on their minds but water-sports and sex.

I would have added that I thought that most Club Med villages comprised palm-thatched huts set by a lagoon and that a Club-Med holiday was a relatively expensive one.

I would have been almost entirely wrong.

For a start, the average age of Club Med guests (says Club Med) is 33. Some Club Med villages attract a younger clientele than others. But the three I visited last September - all in Morocco: Marrakech, Ouarzazate and Agadir - were not in this category. The average age of those

present was almost certainly over 40.

Swingers in spangled g-strings? Well, perhaps one or two. Most people seemed quite normal. The clientele was predominantly French - one Frenchwoman with whom I played tennis in Marrakech was on her 22nd Club Med holiday - but there were also plenty of Italians, Germans, Scandinavians and other Europeans, plus a sprinkling of British - even a few Americans. Perhaps the British worry that the Club Med atmosphere will prove oppressively Gallic. But it doesn't; so they shouldn't.

Palm-thatched huts? Some Club Med villages are built next to lagoons. But this palm-thatched business is a figment of my imagination. What impressed me most about my visit to the Club Med establishments in Marrakech, Ouarzazate and Agadir is that Club Med is, above all else, a hotel operator of the utmost professionalism.

There is nothing formulaic about Club Med properties, which offer marked differences in style and atmosphere. In Marrakech, the Club Med property is very much an enclave, sheltered by high walls, close to the old city. In Ouarzazate the Club Med property is not an enclave at all but a small and modern-looking hotel built on a bluff with spectacular views across the valley of the Oued River. In Agadir, the Club Med "village" is a large resort-hotel of considerable style and comfort built parallel to the beach.

Expensive? Not at all. The key, as

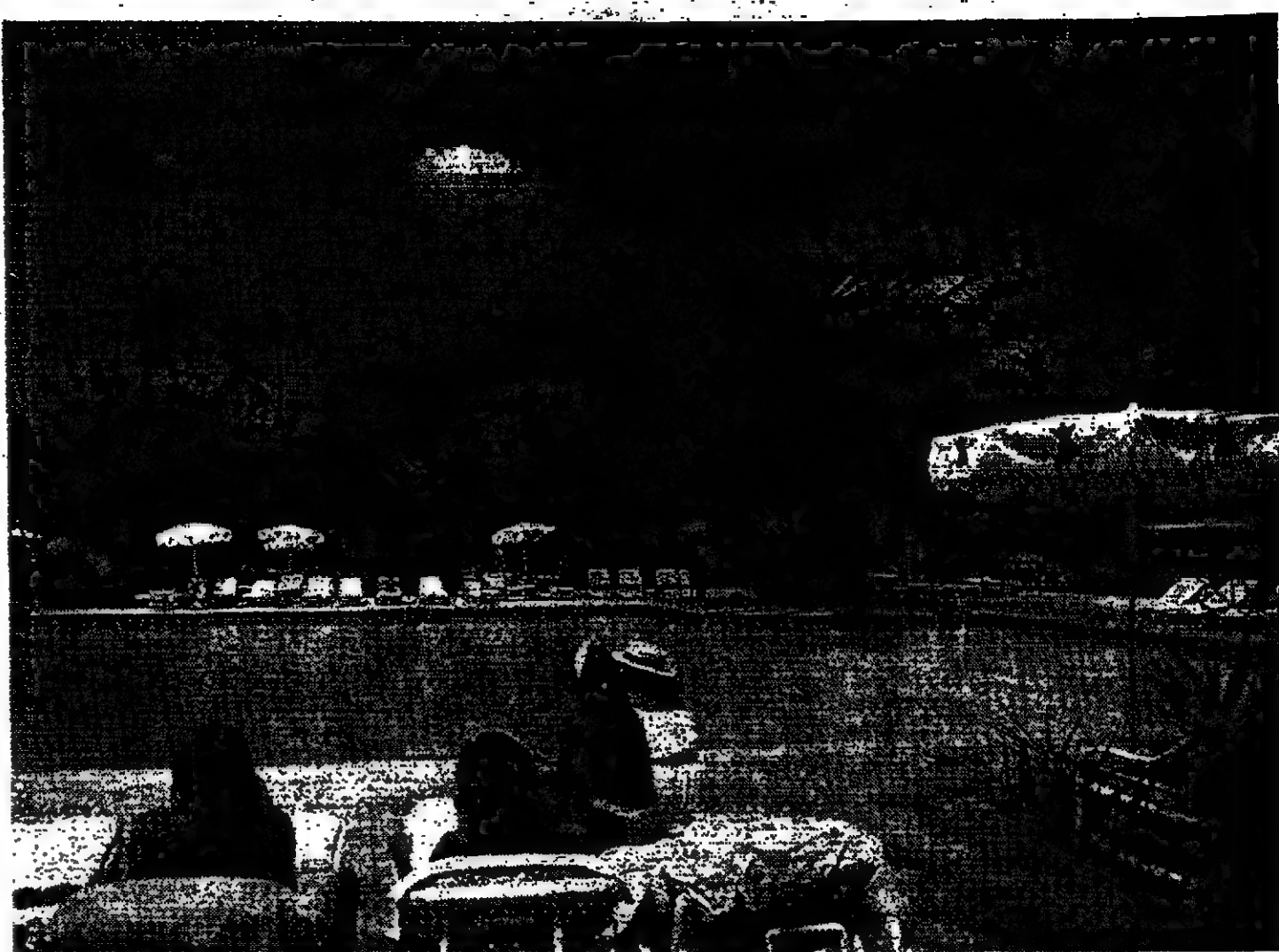
always, is value for money. As Club Med itself says: "You may think that Club Med costs more than average, but... bear in mind that many all-in package holidays are sold as all-in as they appear and people often end up spending almost as much again on extras."

"Club Med, however, really is all-inclusive. Apart from bar drinks, excursions and other optional extras, our prices include full board, meals with wine, insurance, sports tuition, return flights and transfers (unless you make your own travel arrangements), children's clubs, evening shows and nightclubs. Your choices become a matter of inclination, not a series of purchasing decisions."

All perfectly true. For instance, Club Med offers excellent sporting facilities, especially for water-sports, tennis and golf (Green fees are an extra). In Agadir, playing tennis at the club's immaculate sports ranch, then from the village, I unluckily tore a calf muscle while playing in a tournament.

With great stoicism, I got aboard the shuttle bus and returned to the village where I received prompt medical attention. I was on crutches for three days. There was no charge for this attention, and the nurse told me that Club Med's insurance would cover things if back at home, any misadventure stemming from the injury should happen to cramp my lifestyle.

For 1994, prices per adult per week for those travelling from Britain start at £245 all-in (Marrakech), £265 (Ouarzazate) and £265



The swimming pool at the Palmira, Club Med's sports ranch in Marrakech

(Agadir). The company has a special brochure for Morocco. You can combine a stay in Marrakech with one in Ouarzazate by travelling via Paris. And long weekends can be booked at the Agadir and Marrakech clubs - three nights, Thursday-Sunday - with next year's prices starting at £261 per adult in Marrakech and £245 in Agadir.

Considering what you get, these prices are extremely competitive. Obviously, the further ahead you travel, the greater the charge, but a glance through Club Med's 1993-94 winter sun brochure reveals plenty of attractive deals. Examples: seven nights in the Maldives next month, £1,220 per adult; in Guadeloupe, £1,287.

There is also a Club Med skiing programme featuring 19 hotels in France, Switzerland, Italy, the US and Japan. Was there a downside to my holiday in Morocco? I can recall only one. In Ouarzazate and Agadir, swimming towels were provided free; in Marrakech, not. At the sports ranch in Marrakech where

you go to do your swimming, I had no choice but to pay £25 for an especially unluxurious towel, which pleased me not a lot.

Michael Thompson-Noel was a guest of Club Med. In London, brochures and information: Club Med, 106-110 Brompton Road, SW3 1JJ. Tel: 071-225-1066, fax: 071-581-4789.

Grave robbers who planned the route to Ciudad Perdida, Colombia's Lost City, called it the "Green Hell." They hated the swarms of biting flies, venomous snakes and daily torrential downpours. Following their footsteps through the Sierra Nevada de Santa Marta, it is not hard to see what they meant.

The sierra, the highest coastal mountain range in the world, rises to a height of

The bloody path to Colombia's Lost City

nearly 19,000ft just 26 miles from the Caribbean near the port of Santa Marta. Thick rainforest covers the wet northern slopes where the ancient Tairona civilisation built Ciudad Perdida. Unless you can use a helicopter, fighting your way through is the only way to see the city. The mountains are, soared

with deep valleys that make travel even on foot, extremely hard. When we were not scrambling up one muddy path or sliding down the next, the incessant afternoon rains ensured we were ankle-deep in a quagmire. The intense tropical heat and high humidity made almost every step feel like a major achievement.

So impenetrable is the sierra that even the Iron Men of the Spanish conquest scarcely ventured in, allowing life for an estimated 11,000 Kogi Indian inhabitants to continue virtually unchanged.

The Kogi possess probably the best preserved pre-Colombian culture outside the Amazon, and still maintain a rigid

theocracy. For them the sierra is the Heart of the World, a protective wall of jungle cutting them off from the 20th century. The fertile but inhospitable mountain fortress has allowed them to maintain their independence while other tribes suffered centuries of persecution at the hands of the conquistadors.

The Kogi claim to be the direct descendants of the Tairona, some of the best goldsmiths of ancient America, who began work on the Lost City around 800AD. The city had grown to a metropolis of 2,000 people by the time it was abandoned after the conquest, and the ruins remained hidden in thick jungle until grave robbers arrived in 1976.

The robbers kept the find a secret until 1982, when a murder at the site. The authorities were called in and Ciudad Perdida, the largest archaeological find in the Americas this century, was flung violently back on the map.

It is fitting for a country so steeped in bloody history that one of its greatest archaeological treasures should have been unearthed amid murder and theft. Equally fitting is that one of the two routes to the city was until recently a drug route.

Both paths, the 30-mile round trip taken by the grave robbers and the drug runners' 50-mile short cut, are fast becoming as much of an attraction as the Lost City itself. We took the shorter route, which required five rather than six days' walking.

The first night was spent at one of the impoverished peasant

farm on route and the other nights in hammocks hung from simple jungle shelters. The hammocks were surprisingly comfortable, and we rocked to sleep to the music of night insects as fireflies flashed in the trees.

At first light, our guides woke us to a usually inedible breakfast of arepas - fried maize flour patties - before leading us through rainforest in which creepers and air plants hung from giant trees while the mass of emerald green undergrowth was broken here and there with passion

fruit, banana and coffee trees. Battling through this botanical wonderland for seven hours a day is hard work. But there can be few rewards more welcome than emerging from the forest, sweating and aching, to plunge into one of the cool rivers which cross the path.

The rivers crash down from the glacial heights of the sierra to the Caribbean through a series of spectacular rapids and waterfalls. Strenuous with granite boulders, they could have been in Scotland were it not for the overhanging creepers and dense vegetation. High above in the forest canopy birds kept up a constant chorus, tantalisingly hidden in the foliage below. Huge butterflies and deadly (but thankfully shy) coral snakes were seen.

It was with relief that we arrived at the icy waters of the Rio Buritaca, unscathed except for insect bites, to start the final crossing to Ciudad Perdida. Across the swirling waist-deep water the moss-covered steps leading to the city appeared as if from nowhere, only to disappear again up the thickly forested slope.

The 1,200 steps to the city are treacherous, many having been washed away by centuries of tropical rain. The stairway was a tough final endurance test. But just as our legs told us we could go no further, the path widened into the

few cines about life in the city or why the Tairona left. Even the city's original name is a mystery. But it is believed to have been abandoned in the early colonial period following battles with the Spaniards and the spread of European disease. Researchers have found little gold, and the grave robbers who have long since sold their finds are no longer keen to discuss them.

The only other people who may know - the Kogi - are also keeping quiet. They are a deeply private people who just about tolerate walkers but do not want to discuss their history. To them, archaeologists are no better than grave robbers: both groups defile the tombs of their ancestors.

Dressed in coarse cotton smocks, they walk the paths of the sierra regarding modern man as their younger brother, spiritually immature with little respect for the environment or history of their mountains.

Sitting high on a ceremonial terrace watching a toucan flit from tree to tree it is easy to see why the Kogi want to preserve their isolated world. While biting black sand-flies left bleeding wounds and the steep jungle paths tested our endurance, the view from Ciudad Perdida was of a pure, natural world of bright birds and waterfalls, as fresh as the day the Tairona left.

Nick Skinner travelled independently to Bogota from where he flew to Antioquia to Santa Marta. He found a guide through the city's tourist information office, and bought a package that included guiding, food and portering of everything except clothes and personal belongings. Helicopter tours with Avistar can be booked through travel agents or at the airport.

Nick Skinner ventures where even the conquistadors feared to tread

fruits, bananas and coffee trees. Battling through this botanical wonderland for seven hours a day is hard work. But there can be few rewards more welcome than emerging from the forest, sweating and aching, to plunge into one of the cool rivers which cross the path.

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Motoring/Stuart Marshall

Another vintage year ahead

Never mind the recession that has blighted sales of new cars in every European country except Britain. This year's vintage crop of new models looks like being followed by an equally bountiful one in 1994.

When the Detroit motor show opens in a fortnight, Saab will unveil three-door, fixed-head coupé and two-door, convertible versions of its well-received new 900 five-door. There will be a choice of three engines: a 155 horsepower 2.3i, a 176 hp V6, and a 190 hp two-litre turbo. British sales start next spring and prices will be announced nearer the time.

Seab was astonished by the success of the present soft top, based on the old 900. Although introduced as a limited edition seven years after the original model was launched, it took off like a rocket and is still selling well.

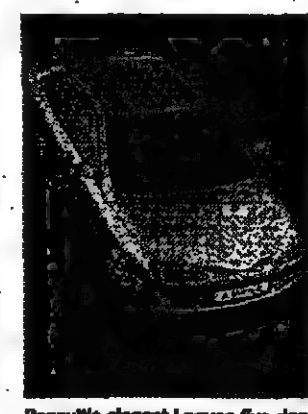
A proper four-seater with a realistic boot, it has a power-operated top that disappears completely and a glass rear window with defroster. But the new one will be even better and promises to be a best-seller

among convertibles. The big Vauxhall Carlton (Opel Omega outside Britain) saloons and estate cars are being replaced early in the new year. Their successors - Omegas, whether badged as Vauxhalls or Opels - retain rear-wheel drive and will be in British showrooms next spring.

Omegas will major on safety and security. Most will have airbags for drivers and front passengers and remote deactivation of the doors, plus an immobiliser with 60 km combinations; enough, one would think, to defeat even the highest of high-tech thieves.

Petrol engines (all multi-valve) will be a 136 horsepower, two-litre four-cylinder, and a pair of V6s - one a 2.5-litre producing 170 horsepower, the other a 210 hp three-litre. The veteran General Motors 13-litre, four-cylinder diesel is being replaced by a BMW-sourced 2.5-litre, six-cylinder with turbo-charger and inter-cooler.

This engine - which is expected to be used also in a coming Range Rover replacement - puts BMW's 3-Series and 5-Series diesels ahead of



Renault's elegant Laguna five-door

the pack at present. In the Omega, there is a "drive-by-wire" electronic link between accelerator pedal and engine.

Omega diesels, meanwhile, will provide tough competition in the executive class, especially when fitted with optional automatic transmission and air-conditioning. BMW, initially most reluctant to sell diesels in Britain, has been amazed to find them taking 12 per cent of sales, with eager buyers on waiting lists. Vauxhall expects 15 per cent of

Omegas sold in the UK to be diesels.

Another important newcomer, due for launch on mainland Europe in January and soon afterwards in Britain, is the Renault Laguna. Although this successor to the 21 is a five-door hatchback - Renault pioneered this concept 30 years ago with the R16 - the Laguna looks like a saloon, with a distinct family resemblance to the larger Safaree.

Ford's Probe sports coupé, which comes to Britain in March, will be the first American-built Ford to be sold in the UK in any volume for more than 70 years. An elegant 2+2, it began life as a Mazda and has done very well in left-hand drive markets.

Is it a belated replacement for the Capri? Not really. That evergreen was an inspired skimming of Cortina components.

The Probe is far more sophisticated and plished rather than market of the Capri. Front-wheel drive, it may have 2.5-litre V6 or two-litre, four-cylinder, multi-valve engines of 163 and 115 horsepower respectively.

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PROPERTY AND GARDENING

Is there a Dingley Dell left in England?

Gerald Cadogan, in search of an old-fashioned Christmas, has been turning to Pickwick Papers for home-buying inspiration



Restoration House near the cathedral in Rochester has real associations with Dickens. The asking price is £250,000 but it needs a lot of work



The asking price for Bleke House, a Regency property on the edge of Shaftesbury in Dorset, is £245,000



Fryer's House in Hertfordshire, on offer for £315,000

Where do our back-to-basics political leaders find guidance for an old-fashioned Christmas? Not from a Church abandoning its time-hallowed prayer book. Nor from the monarchy, where family values are clouded. But they could turn to Charles Dickens' account of Christmas at Dingley Dell, in *Pickwick Papers*, the icon of Victorian Christmas.

Not that *Pickwick* is Victorian at all. The first monthly part came out in April 1836, when William IV was king and Dickens only 24, and the last in November 1837 when the 19-year-old Victoria had been queen for just a few months.

Nevertheless, Dingley Dell is enshrined as the ideal mid-19th century Christmas, linked in our imaginations with trees, cards, crackers and presents, which are all post-Pickwick.

The Christmas tree reached Britain only when Prince Albert, of Saxe-Coburg-Gotha, brought the idea from Germany. Dickens called it "that pretty German toy" and liked "its multitude of little tapers". But a Pickwickian Christmas has to be icy.

When Dickens was a boy, the Thames froze and there were frost fairs, and sliding and skating as at Dingley Dell, where Pickwick fell through the ice. At an old-fashioned Christmas there must be hot wassail to drink, games, singing and dancing, mistletoe to kiss under, and a large fire. The highlight of the Christmas Eve party at Dingley Dell is the ghost story of the sexton Gabriel Grub and the goblins. Christmas Day starts with oysters. Church receives a single sentence. "Mr Benjamin Allen fell fast asleep: while Mr Bob Sawyer abstracted his thoughts from worldly matters by the ingenious process of carving his name on the seat of the pew." Then a "substantial lunch" with "strong beer and cherry brandy" leads to an hour on the ice.

Is there a wintry paradise now around which the snow wraps a cocoon of good-heartedness? If it has turned cold, Fryer's House in Braughing, Fri-

ars in Hertfordshire, a traditional, timber-framed house on offer from Mullucks Wells for £315,000, has a large natural pond that is ideal for skating and is close to the house if anyone should fall in.

For tobogganing, try the South Downs in Sussex. If you do not find them too steep, (As a boy, I broke my arm on a sledge in Sussex.) In the middle of the downs at East Dean near Chichester and Midhurst is The Thatched House of brick and knapped flint, which Jackson-Stops is selling for £265,000. It also has a ghost, who knocks on the front door in the early morning. A hundred years ago two flint knappers lived in the house and took turns to wake each other up at 5am. The ghost has even appeared at the door as a tall man in black

cloak and wide hat. In East Sussex Old Rectory Cottage is at the foot of the downs, in Folkington near Eastbourne (Strutt & Parker, £275,000). And mid-county at Fuling, also by the downs, Nettledown Cottage is the place for a get-away-from-it-all Christmas. Stock up with food and drink, as it is at the end of a long Wenceslas-taxing farm road. Joint agents are Humberts and Fox & Sons, and the price is £385,000.

The Christmas fire at Dingley Dell would fit into the 12th wide fireplace and broad oven of Abbotsford, 17th century, thatched and full of beams, near Thortverton in the valley of the river Exe north of Exeter. Stage offers it for £125,000. More expensive is the Northmoor estate in the valley of the river Barle on Exmoor, where large herds of wild red deer suggest Christmas. Knight Frank & Rutley, in Exeter, is selling it in lots for around £840,000 in all.

A Dickensian-sounding name is one of the attractions of Bleke House, a Regency property on the edge of Shaftesbury in Dorset, with views over Blackmore Vale (Savills, £245,000).

Restoration House near the cathedral in Rochester has real associations with Dickens. It is a large 16th-17th century house with carved ceilings and grand fireplaces, and is listed Grade I. Here Charles II spent his first night in England on returning to take the throne in 1660. Its name became Restoration House.

Dickens used it as Satis House in *Great Expectations* where Miss Havisham lives frozen in time, the cake for her never-to-be wedding overhung with cobwebs and sitting on a yellowed tablecloth.

Great Expectations begins at Christmas time, without the cheer of Dickens' earlier Christmases. The escaped convict, a "fearful man, all in coarse grey, with a great iron on his leg", catches young Pip among the graves at the side of the church porch and frightens him into stealing not only a file from his brother-in-law, Joe Gargery, the blacksmith, but brandy, mince and a pork pie from Mrs Joe.

At the end of the book Satis House is for sale in lots. The house was to be sold, gutted for building materials, and pulled down. Luckily that has not happened. But it needs a lot of money for restoration, "far more than the usual £250,000 to £300,000", says Robin Tillet, of Knight Frank & Rutley, in Tunbridge Wells. The asking price is £250,000. It has a good-sized garden. "Inside it does not look changed from how it appears in *Country Life* photographs in 1934."

Further information: Fox & Son, Haywards Heath (0444-459968); Humberts, Lewes (0273-478828); Jackson-Stops, Chichester (0243-786818); Knight Frank & Rutley, Exeter (0322-435033) and Tunbridge Wells (0892-516095); Mullucks Wells, Bishops Stortford (0278-755400); Savills, Salisbury (0723-320432); Stags, Exeter (0392-55202); Strutt & Parker, Lewes (0273-475411).

Gardening Books/Bridget Bloom

Essence of Austin and the English rose



'The Countryman': the result of a back-cross to an old Portland Rose from David Austin's "English Rose"



These English roses, also from David Austin's book, include "Bibi Maizoon", "The Nun" and "Lucetta"

Gertrude Stein, ever the philosopher, rammed her message home. A rose, she wrote in 1913, "is a rose is a rose". You can hardly fail to see her point, but I cannot help feeling she was not a gardener.

For gardeners there have always been roses and roses. For some, for example, the essence of a rose is the long pointed bud, the often startling colours and the up-right habit of the Hybrid Tea. For others this is near anathema. They will accept, maybe, the luxuriance of a floribunda but really think a rose is nothing if it did not begin life as a Gallica, Damask or Moss, or perhaps a Bourbon, China or Musk.

In the long, fashion-based debate about roses - fed for at least 200 years by the dedicated work of rose growers and breeders - David Austin must have an honoured place. For a full 40 years Austin has sought to achieve a new class of rose. Now a sumptuous new book, *David Austin's English Roses* (Conran Octopus, £18.99, 160 pages) - together with the evidence in his own nursery and in increasing numbers of gardens across the land - show that he is well on the way.

True, as he is careful to acknowledge, his roses are not yet accepted by the World Federation of Rose Societies as a new class. But, he clearly hopes, so distinct is the English Rose from its predecessors or progenitors, that it will merit this distinction.

The essence of Austin's English Rose is that it combines the beautiful form, gentle colours and rich scent of the old roses of the 18th and 19th centuries with the repeat-flowering, vigour and disease-resistant qualities of the modern hybrid teas and floribundas.

Put like that it sounds as though it was simple to produce these new roses. But, in one of his most fascinating chapters (strangely relegated to the book's end) Austin tells how "in a typical year we cross-fertilise 30,000 roses to produce approximately 50,000 seedlings". These are progressively reduced and selected until, at the end of about eight years "we hope to have five or six good roses that will form new varieties for commercial introduction".

One of these varieties, "of a warm pink colouring and

strong and upright growth," was introduced in 1988 and called *Financial Times* Centenary, to mark that event. Austin does not reveal its precise parentage, but his book includes a splendidly detailed and illustrated catalogue of about 60 varieties ranging from the apricot pink Ambridge Rose to the "Gallica-like" crimson rose William Shakespeare and the "almost indestructible" *Wife of Bath*.

There is much else besides in Austin's delectable work, from a history of the rose to tips on pruning, to make it a must.

A good complement to Austin's book is *Gardening With Old Roses*. Written by New Zealand authors Alan Sinclair and Rosemary Thodey, it is published in the UK by Cassell (£16.99, 185 pages). While the historical, descriptive and

plenty of roses and many ideas especially useful for beginner gardeners.

Wendy Lauderdale's *Garden at Ashree Cottage*, by contrast, has photographs (by Andrew Lawson) almost as luscious as those of Clay Perry for David Austin. Lauderdale's tale (Wendyfield and Nicholson, £14.99, 128 pages) is of a National Trust-owned cottage to which she moved in the early 1980s when both house and garden seemed "forgotten, neglected and unloved". What I liked especially are the photographs taken at precise points in the garden at different seasons. I know I am not the only amateur gardener to find it hard to visualise in spring what one's planting scheme will look like in full summer or autumn - let alone in winter.

Which leads me to declare an interest. In 10 years of having my own garden, I have come to believe increasingly that if a garden looks good in the winter, making it look good for the rest of the year is a relatively easy task. And making a garden look good in winter cheers you up, for it takes you through not just the gloomiest, coldest months of December, January and often February but the fog end of autumn and the grey days of early spring as well.

Yet where are the books on winter gardening? With the noble exception of Rosemary Verey's excellent *The Garden in Winter* (published in 1988 by Frances Lincoln) they are very hard to find. I can claim no credit (for I have long taken issue with him on his early addition to conifers) that my brother, Adrian Bloom, has produced a volume to help fill the gap. *Winter Garden Glory* (Harper Collins, £14.99, 144 pages) is subtitled "How to get the best from your garden from Autumn through to Spring", and while it does make considerable use of various conifer species to increase winter interest, it covers much else.

Evergreens, grasses, winter flowering or berrying or bright-stemmed plants and trees and early and late bulbs can all enhance the garden in winter and lift the spirit, whether they be in grand or structured planting schemes or in containers in the backyard.

There are lots of good photos, detailed planting plans and a plant directory in *Winter Garden Glory* too. How could I not commend it?

There is much in this delectable work, from a history of the rose to tips on pruning

"rose care" sections are adequate, the chapters on the use of roses, companion planting and so forth are especially good, as are the photographs.

I found another Cassell's publication, *The Complete Book of Roses* by John Mattock and others (£20, 206 pages), less satisfactory. However, it does cover hybrid teas and other modern roses; it is more comprehensive than the New Zealand book (although less well-illustrated); and it has a good chapter on rose breeding. My next two books, if not quite in the same league as Austin, describe a type of gardening which relies heavily on the rose breeder's craft. *Crosses a Cottage Garden - Recipes for Borders, Beds and Containers* (Michael Joseph, £17.99, 189 pages) employs a contrived format. Its author, Kathleen Brown, devises "recipes" for planting schemes - for example, The Scented Tunnel or the May Queen Arbour or a Cheerful Shady Porch and then gives a list of "ingredients" followed by descriptions and instructions under headings such as site, scale, plan (for planting), method and after-care. But if the drawings (no photographs) are rather twee, there are

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BOOKS

The man who dreamt of El Dorado

Anthony Curtis enjoys a new biography of Walter Raleigh

The two facts we all know about Sir Walter Raleigh – that he laid down his cloak so that Queen Elizabeth should not have to step in the mud and that he introduced tobacco into England – are, as Stephen Coote's lively new biography shows, false; or at best only partially true. The first was the kind of thing he *might* have done – his theatrical panache was typical of him – but there is no evidence that he did. As for the second, tobacco was known and even grown in England from the mid-16th century but by the end of it, thanks to Raleigh starting a fashion for smoking among the smart set at court, the whole of London was smoking. England became the biggest importer and re-exporter of tobacco.

If Raleigh is the hero of the anti-anti-smoking lobby he is also the champion of a number of other causes that are still alive. He was a great believer in entrepreneurial expansion and in exploiting emerging economies in places like South America. Raleigh nourished a lifelong dream of El Dorado, from where he believed endless amounts of gold would accrue to his own capacious pocket and the royal exchequer. The dream proved to be illusory as the later vision on the same lines of Verity Lambert and her colleagues.

Raleigh organised and participated in several explorations. His *Discovery of Guiana* (what is now central Venezuela and the Orinoco basin) is one of the key-works of Elizabethan voyage literature. He was a pioneer of scientific experiment surrounding himself with a group of men like the astronomer John Dee, Richard Hakluyt the younger, Thomas Harriot, Laurence

Keymis. Coote sees this remarkable set of Raleigh's friends who would meet and discuss their findings at his London base of Durham House as being serious scholars as well as Elizabethan adventurers.

Among his own observations Raleigh claimed actually to have seen those "men whose heads do grow beneath their shoulders" referred to by

A PLAY OF PASSION: THE LIFE OF SIR WALTER RALEIGH by Stephen Coote Macmillan £17.99, 420 pages

Othello. Indeed, the whole of the Moor's "story of my life" speech, with its account of hairbreadth escapes and exotic adventures, might have been compiled by Raleigh from his own experience. Whether it was just such a catalogue of wonderment, or sheer physical magnetism, that captivated Bess Throckmorton, the Queen's 20-year-old virgin lady-in-waiting we do not know. But when she encountered him at court where he basked in the queen's favour they fell passionately in love and before long Bess was pregnant. They were then secretly married. After the child was born Bess returned to court under her maiden name as if nothing had happened. Her deception was soon discovered and both she and Raleigh were sent to the Tower by the irate sovereign.

A diary shedding much light on these events kept by Bess's brother Arthur was discovered by A.L. Rowse. His *Raleigh and the Throckmortons* (1983) remains essential reading. But Raleigh was such a complex, fascinating figure that there is certainly room for a fresh look



Sir Walter Raleigh in later life

at him as stimulating and well-informed in all areas as this one. Coote shows just how much fight there was left in him during his imprisonment; the final spell lasted 13 years well into the reign of James I. Raleigh seems to have been reasonably comfortable in the Tower where he continued to pursue his botanical interests. While living there he produced his *History of the World* full of subtle coded observations on Jacobean politics and he also wrote verse. C.S. Lewis divided Elizabethan poetry into Drab and Gold. Of Raleigh he wrote: "Side by side with his Drab poetry we find weak Gold: 'Methought I saw the grave' or

'Like truthes dreames' or even (in 'What is our life?') a groping towards the metaphysical."

He never abandoned his dream of real Gold – a far-away land full of gold nuggets to be gathered in and shipped home, and it was on the strength of it that he secured his conditional release to lead a fresh expedition to Guiana. This last voyage was the grandest folly and a disaster from the start, undertaken after he had suffered a mild stroke while in prison. It ended in the death of Raleigh's son Wat who accompanied him, and the loss of many other lives. Somehow

Raleigh managed to lead his depleted company home where James, bowing to pressure from the Spanish ambassador, ordered a new trial and Raleigh was condemned to death.

The account given here of his last hours, the power of his oratory beside the block, is heart-rending. He kept the executioner waiting while he addressed at some length a crowd that contained many of his peers. Coote describes it all well but it really needs Plácido Domingo with full orchestral backing to re-create its grandeur. As one puts this engrossing book down one seems to hear the final chords mixing triumph with defeat.

Dirty dealings in high places

Although it is not immediately obvious, this is a book about foreign policy at the end of the Cold War. True, *Spiders Web* has nothing to do with Russia, nothing to do with communism, and nothing to do with superpower conflict; but it has everything to do with the persistence of certain kind of Cold War decision-making, and a certain set of Cold War assumptions, into the present era.

The story told by Alan Friedman is the now familiar tale of massive, high-tech, covert British and American arms sales to Iraq in the years leading up to the Gulf War. The arms sales began in the early 1980s, when Iraq was at war with Iran. Ronald Reagan was president, and covert operations were not only acceptable but fashionable in Washington. This was an era when patriotic secret agents were still expected to lay down their lives for the American president or Her Majesty's Government, and any foreign policy tool was acceptable if it furthered the cause of Western democracy.

Within that context, strategic support for Iraq made sense; America was justifiably worried about Iran's influence in the Gulf, and the use of secret arms sales to check Iran was neither better nor worse than the use of secret arms sales to support UNITA in Angola, or any one of a dozen other causes of various degrees of merit around the world.

Friedman believes that the policy was more dangerous than this, but that is because he is able to see the arms sales in the light of the Gulf War, because he knows how hard the American government had tried to hide the truth about them since the Gulf War, and because he knows how carefully those pursuing the arms sales in the Bush administration ultimately became.

Relying on a select and highly secretive group of advisors, shockingly ignorant of technical details, President Bush, James Baker, his Secretary of State, and several Brit-

ish government officials pursued the policy of support for Iraq, including what amounted to support for the Iraqi nuclear weapons programme far longer than normal security considerations would seem to dictate.

SPIDERS WEB: BUSH, SADDAM, THAT CHEER AND THE DECADE OF DECEIT

by Alan Friedman Faber £17.50, 455 pages

Iraq out of sheer arrogance, love of conspiracy, and a desire to play important, secret games in the manner of his predecessors.

On the ground, the "foot soldiers" had more mixed motives, and they are wonderfully sketched. There is Fred Habosh, the washing machine salesman who got hooked on arms sales and received a gold watch with a portrait of Saddam Hussein in exchange; Frank Machon, the British security service's very own lorry driver; Christopher Drogo, who arranged loans for the Iraqis via the Atlanta branch of the Banca Nazionale del Lavoro and wound up in prison for his efforts on behalf of American policy; and of course the men from Martin Chuzzlewit, who appear in this book as a small part of a much wider conspiracy. Some of these agents sought to perpetuate arms sales and loans for the sake of financial gain. Most, however, carried out their duties out of patriotism – the sort of patriotism that had kept such people motivated throughout the Cold War.

To Frank Machon, for exam-

ple, the son of a British military intelligence officer, the shift from driving through Eastern Europe to driving weapons to Iraq was confusing, providing "evidence of the clear policy makers" he was used to; nevertheless, he kept it up out of faith in the British government's wisdom. It was only later, when that government betrayed, threatened and harassed him that he went to the press with a story about clandestine arms sales to Iraq. Indeed, most of the sources for this book appear to be disgruntled former intelligence agents, people who would have been happy to do the government's bidding and keep silent, but who would not do so for the sake of arms sales to a Middle Eastern dictator, or for the sake of governments which refused to stand by them when trouble came.

This is an impeccably researched book, one which manages to tell several interlocking stories at once. Friedman never loses the main thread of his argument, and the exposed is complete. It will be impossible in the wake of this book, to argue that the American and British governments did not condone arms sales to Iraq, did not lend money to Iraq, did not create the "Frankenstein" of Saddam Hussein whom they eventually had to destroy.

Friedman's achievement is especially remarkable given that he suffered from some of the same sort of harassment as other bit-players in this drama. Yet in the end, the whole episode looks not so much like a scandal, but rather like an extremely costly and wasteful mistake. It was a policy which had a purpose in one era but was pursued for too long into another, with the help of arrogant officials who refused to take responsibility for their actions. In the end, those in error preferred to deny the truth, control the damage, and ruin the lives of those who had assisted them.

Anne Applebaum

Personal portrait of a president

It is hard to remember that in 1918-19 Woodrow Wilson was the toast of Europe. Streets, boulevards and squares were renamed in his honour. Even the defeated Germans pinned their hopes to the American president's "Fourteen Points". After decades of intense and acrimonious debate, Wilson is now mainly of interest to the academic establishment. This unique portrait of the president, written by his brother-in-law and friend of 40 years, is of general interest and should appeal to anyone interested in the "human side" of American politics.

It is a warm and affectionate yet frank and critical study of a reserved and introverted man. This collection of descriptive, anecdotal and analytic essays is brilliantly edited and annotated by the dozen of Woodrow Wilson studies, Arthur Link. What makes the Axson memoir so important is not only the sense of intimacy conveyed by one of the very few of Wilson's contemporaries in whom this reticent man confided but the sharpness of insight shown by the author, a life-long bachelor suffering from recurrent bouts of depression and who lived on and off in the Wilson household.

Wilson was mentor, friend and companion to his younger brother-in-law. The affection between them was deep and long-lasting. The highlight of the book is the account of Wilson's presidency of Princeton University and his battle to reform not only its curriculum and lecture system but the special position of the socially devious Princeton "dining clubs" still in existence today. Axson was professor of English at Princeton during this time and his essay is the best and fullest record we have of this key moment in Wilson's pre-political life. In the ensuing campus battle, Wilson showed many of those same traits that made him one of the great American presidents but led to his ultimate defeat over the League of Nations, for which he had sacrificed so much.

A natural leader, highly intelligent and administra-

tively gifted, Wilson was also dogmatic, stubborn and inflexible. At the height of the Princeton conflict, passionately engaged in the pursuit of his educational goals, the university president rejected any possibility of compromise and turned his back on colleagues who opposed him. Wilson proved insufficiently politic to complete his reform programme, too unwilling to take advice and too aloof from his colleagues to outplay his con-

BROTHER WOODROW: A MEMOIR OF WOODROW WILSON by Stockton Axson, edited by Arthur S. Link Princeton University Press, 297 pages

servative opposition. As Axson describes his own and others' efforts to moderate Wilson's unyielding approach, one has a foretaste of what happened in Washington in 1919.

Wilson has been a favourite subject for the psycho-biographers. Axson's study of the president's father and his picture of Wilson's family life is as, if not more, perceptive than the best of these accounts. Axson's shrewd character studies of Theodore Roosevelt, William Jennings Bryan and other contemporary politicians, his evocation of key political events, many of which he witnessed, and the rich collection of personal and political stories, comical as well as serious, convey a sense of immediacy no historian can match. The fond but sharp assessment of Wilson's personality in a final chapter is a beautiful piece of writing that seems to catch the essence of a strangely elusive man.

There are few personal memoirs of Wilson; this is an exceptionally rich one. To have such a valuable addition to the vast corpus of Wilsoniana, presented in such a handsome and well-illustrated volume, is double bonus for the reader.

Zara Steiner

The End is Nigh

J.D.F. Jones enjoys an apocalyptic argument

Incidentally explained investigation asking where this extraordinary idea first came from: and so he goes back into the mythology, as well as the history and theology and literature, of pre-Christian societies.

Neither the Egyptians nor the Mesopotamians, for example, had any concept that the world might be made perfect, nor had the Indo-Aryans: the common element in their philosophies was that "Cosmos" (i.e. "order") had been immutably established by the gods; that it was frequently threatened by "Chaos" (i.e. destructive forces, enemies, evil), but in the combat between Cosmos and Chaos a young hero – warrior, storm-god – was charged by the gods to repulse Chaos and so win kingship. Professor Cohn guides us carefully, and never tediously, through this particular interpretation of Ancient (in fact, quite late) Near East mythology.

His thesis is that, in a major turning point in human con-

sciousness, this combat-myth was re-interpreted and transformed so as to prefigure a prodigious final battle in which the forces of Chaos would be defeated once and for all so that, in the later words of the Book of Revelation,

COSMOS, CHAOS, AND THE WORLD TO COME by Norman Cohn Yale £20, 271 pages

there would be "a new heaven and a new earth".

Cohn argues that it was Zoroastrianism which broke out of the Cosmos/Chaos equation and turned the combat myth into an apocalyptic faith. Zoroaster, who probably settled in eastern Iran some time between 1500 and 1200 BC, was a priest without honour in his own country who became the first millennialist prophet, preaching a faith which aimed "to remove every form of disorder from the world, wholly and for ever; to bring about a

state in which Cosmos will no longer be threatened by Chaos... In place of repeated but incomplete victories we are promised a final and total one."

The influence of Zoroastrianism on the Jewish exiles in the Babylonian Captivity – Cohn maintains – was seminal, as was the Jews' own development of monotheism. The very extremity of the Jews' defeat and humiliation at that time paradoxically served to confirm their acceptance that Yahweh was chastising his own Chosen People; the worse the disaster, the better they could be seen as proof of Yahweh's righteous power, because he was evidently punishing his People for not giving him their exclusive devotion (the theme might serve for a Woody Allen film). Cohn concludes that "the similarities between Zoroastrianism and the notions one finds in the Jewish apocalypses are too remarkable to be explained by coincidence."

There followed from this development such notions as the Resurrection, Judgment, Demerit, the person of the Messiah, and the imminent "coming of the Kingdom". The way was clear for the popular fantasies of millennialism, both religious and secular, which have littered the history of the past 2000 years and which are by no means dead today. There is still a character in Oxford Street proclaiming that "The End is Nigh".

A mercenary business

Despite its somewhat ominous title – the actual number of Swiss who served as mercenaries in foreign armies cannot be so easily calculated – this is an excellent and absorbing study, albeit a brief one. Every precaution however should be taken to prevent any copies falling into the hands of our present Cabinet. It contains too many hints on how to profitably privatise the military.

Given that Switzerland is now synonymous with watches, fine chocolate, the Red Cross and the Geneva Conventions, it comes as a mild shock to learn just how warlike the Swiss of yore could be. Yet warlike they were. In the closing decades of the 15th century, and opening decades of the 16th, Swiss infantry was invincible. Not only did it secure the independence of the original cantons, but it wrecked Charles the Bold's attempt to transform Burgundy into a European power; and it also played a not infrequently decisive role in the Italian Wars of Charles VIII and Francis I.

Swiss prowess was based on the pike. A hardy mountain people unused to horses, they had somehow to cope with cavalry attacks across the Alpine lowlands. The pike square, sometimes caricatured as a hedgehog, provided the solution. Used defensively it could withstand the charge of any cavalry; used offensively, it could mow down opposing infantry.

In time the development of firearms and cannon undermined the pike. But by then the Swiss had earned themselves an unassailable reputation, and for more than three centuries most major European armies – but especially the French – had their Helvetic contingents. And they made good soldiers. As John McCormack records, so long as they were paid they could be relied upon to perform well, sometimes brilliantly, in battle.

In many major European engagements, their contribution won the day. In short, as mercenaries, the Swiss were the exception that proved the rule.

This had largely to do with an *esprit de corps* that, once established, refused to die; and

with a lack of opportunity to follow the noble profession of arms within Switzerland's own borders. But as the mercenary tradition evolved, so did the business. An estimated 0.3 per cent of the Swiss population were employed as mercenaries at any given time in the 17th and 18th centuries, their repatriated earnings and pensions accounting for 6 per cent or more of the GNP.

The mercenary companies however were literally owned by their commanders, who hired them out according to the terms of "Capitulations" negotiated between the Swiss Diet and foreign states. Over the years, "Military Enterprise" families gained a stranglehold over Swiss politics and the national economy.

Where McCormack falls in his otherwise impeccable inquiry is with regard to the

ONE MILLION MERCENARIES: SWISS SOLDIERS IN THE ARMIES OF THE WORLD

by John McCormack Leo Cooper £18.50, 224 pages

latterday exploitation of capital accumulated by these *Entrepreneurs*. Hoffman-Laroché is anecdotally cited as a beneficiary, but it would be interesting to discover exactly how many other Swiss corporations owe their existence to hard currencies earned the hard way. The demise of Swiss mercenary forces coincided with the growth of nationally conscripted armies, following the French Revolution.

The interesting question, however, is whether the Swiss regiments would have petered out in any case. The evidence strongly suggests that during the course of the 18th century the double burden of military leadership and business management was too much for the captains. As profit margins diminished, so they had to make savings where they could. Pay, provisions, morale and discipline – in a word, effectiveness – suffered accordingly.

Justin Wintle

Musician's troubled heritage

An affectionate family memoir. But what a family! Half-sister of Ian and Peter Fleming, the cellist Amaryllis is the daughter of Eve (a widow who never remarried because that would have meant losing a considerable amount of money) by Augustus John. The child was born in 1925 and Eve passed her off as an "adopted" daughter, while the position of Augustus John – the affair with Eve was not long-lived – was supposedly that of a dear old family friend.

When, at the age of four, her mother told Amaryllis she was adopted, the child believed the lie until she was in her early twenties. Her mother's treatment of her tended to confirm the falsehood, for Eve was, by all accounts, a dreadful, selfish parent. Extravagant in satisfying her own whims, in other situations, she pinched pennies until they – and all around her

– screamed. One of Amaryllis's duties as a little girl was to take wilted flowers, removed from the vases in Eve's grand house, and deliver them to the deserving poor.

Both Eve and her deceased husband Val came by their worsted servants. Eve had at least one saving quality: she loved music and when Amaryllis's talent was discovered, her mother encouraged her.

AMARYLLIS FLEMING by Fergus Fleming Sinclair-Stevenson £20, 293 pages

ing, was one of those rich eccentrics considered delightful by all except their criminally underpaid and overworked servants. Eve had at least one saving quality: she loved music and when Amaryllis's talent was discovered, her mother encouraged her. It is at this point that Fergus Fleming (nephew of his subject) is able to write more interestingly. The book picks

up as it describes the slow process of becoming a serious cellist, the studies (and affair) with Pierre Fournier, and further lessons with the dramatic Guillermina Suggia (subject of a great Augustus John portrait) and Pablo Casals, seen here very much in his bedroom slippers. To the younger generations of music-lovers, Amaryllis Fleming will be little more than a name, if that; for she made no commercial recordings (at least none that have remained in the catalogue), and did not have a spectacular career. She was, in her biographer's evaluation, "a musician's musician." And yet, her intense life illustrates not only the struggles of the musician's career but also the satisfactions.

Amaryllis was not just a performer; she was an explorer. Doggedly she investigated the five-stringed cello, long obsolete, and after tireless research and expense, managed to have

one made to her exacting requirements. Then she was finally able to play Bach's 'cello Suites as she thought they were meant to be played. She became passionately interested in the then little-known baroque repertoire, and she appeared chiefly as the guiding member of the Perkin-Fleming-Roberts Trio, when its violinist Manon Parikian died in 1987. A by-pass operation and then a stroke put paid to any idea of public appearance, though she continued taking a few pupils.

In addition to talent, being a musician requires courage. This Amaryllis evidently possessed to a remarkable degree. Fergus Fleming's biography makes her life sound like a wonderful achievement; and despite a troubled heritage and many setbacks, it also sounds like fun.

William Weaver

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AFFAIRS OF THE ART

The beginnings of the love affair

FT critics celebrate the performances, books and paintings that shaped their lives

Art/William Packer

Hooked by Holbein

The whole trend of my education was academic, which I do not regret in the least, but there rode with it the unquestioned assumption that its natural end would be at the university. Art in the 1950s was at best a marginal business, not a waste of time exactly, but most certainly a distraction were one supposed capable of higher things. Even the history of Art was but the stuff of those general discussion and appreciation sessions, set to broaden and civilise the Sixth-Form mind a notch or two, but nothing more.

But I grew up in Windsor, and the Castle was always, even in term, a place of regular resort. Out along the North Terrace, between the inevitable queue for the Queen's Dolls' House on the one hand, and entry to the State Apartments on the other, was no queue at all but only a sign to the Old Master Drawings. A whispered request to the attendant and payment of the necessary sixpence, or was it a shilling, and the cord was unhooked and I was let through into the quiet gallery

and its Claudes and Poussins, Sandhys and Leonardos, above its Holbeins.

Those images of Sir Thomas More and his family, and the somewhat later group centred upon the Court of Henry VIII, drawn to the life yet with an elegant and economy that still takes the breath away across the centuries, are as familiar to me as any. What is more to the point: they are the very first that I ever recognised directly as true and profound works of art. I can see them in the same way as I see them in the dappled sunshine that filtered through the room that spring afternoon of nearly 40 years ago, and thinking: well, there is more to life than the History of France under the Second Empire, and more to life than my Shakespeare text. There may not be better, but there other things, other kinds, other ways.

The pick of those Royal Hollands was shown at the Scottish National Gallery through the summer, and comes to the National Portrait Gallery in London early in the New Year. I shall go along again, of course, to say hello.



John More the Younger, one of the pick of the Royal Holbeins

Ballet/Alastair Macaulay

Fonteyn as Juliet was passion itself

The performance that changed my life was a Fonteyn-Nureyev *Romeo and Juliet*. Later, I saw yet finer performances of this ballet, and read accounts of Kenneth MacMillan's choreography. This one was, in fact, full of faults; and I knew that at the time, Fonteyn was 56, and I could tell at once that she was nothing like Juliet's 14. At times, in the ballroom scene, one could see the strain, even pain, that the choreography sometimes caused her. I had seen that *Romeo* twice before, and I had seen the dancers sometimes dancing revised choreography. And yet, and yet...

Fonteyn poured so much energy into *being* 14, that from the first I had to suspend disbelief, I had never seen her before, and I was used to seeing one or other of Nureyev's usual ways of treating his partners: either like worthy competitors, or as if they were luscious young maids on stage with him (most other dancers). With Fonteyn, however, he showed nothing

but a sense of privilege. Humility in Nureyev! It was extraordinary.

One of the moments when they changed the choreography occurred when, during the balcony scene, he kissed the hem of her dress. In MacMillan's choreography, this is just a marvellous fleeting moment, snatched while Juliet is rushing radiantly across the stage. Nureyev and Fonteyn, however, played it for all it was worth; and I recall it now in such detail that it is as if they played it in slow motion.

MacMillan had the hem of her dress as if it were the Holy Grail, and kissed it like a suppliant. And she stood there, looking down at him in wonder, as if this amazing gesture had changed her life forever. She stood there in profile to the audience; then suddenly she raised her arms and held them, stretched up above her head, looking straight upwards. Into heaven, as if pleading that her joy be granted to the whole of humanity. This was marvellous enough, but it was surpassed by what followed.

Suddenly, like a wave

crashing, she brought her hands down. Down with the music; down over her face; down over her neck; down over her body; down until her arms were stretched down to the floor. And she still stood there, looking before her in rapture. Around Central Garden one could hear a gasp — the kind of gasp I have only ever heard at Fonteyn performances. It was as if we had seen passion itself break over her in tidal force.

There were other such astounding moments in that performance, but I did not know that night just how much I was seeing. The next day, however, and every day for the next six weeks, images of Fonteyn kept bursting in on me: suddenly all I could see was some blinding vision of Fonteyn, Fonteyn, Fonteyn. I have always loved the way that after images of physical movement can come back and possess one, but never again like a performance so haunted by me. After that I had no choice. As Frederick Ashton liked to say about seeing Anna Pavlova, "She injected me with her poison; and there was an end of me."



Richard Burton as Hamlet with Claire Bloom in the Old Vic production of 1953

Theatre/Max Wilkinson

Captivated by the Bard and Burton

Never mind about the hard words, I was told: there will be plenty of action, a suicide and eight murders. I had been left in the charge of a female cousin who had two tickets for a play which my parents told me they would much rather go to than the comedy they had been invited to that evening.

My cousin explained anxiously that it was rather long, that it would not end happily, but that there would be a sword-fight and a ghost. This, and the fact that I had money to buy ice cream and a book of us, induced a mood of great solemnity.

But it did not prepare me for the magic of that cold autumn evening at the Old Vic theatre 40 years ago. I was just 11 and the young Richard Burton was being acclaimed as the remarkable new Hamlet. The audience was silent as soon as he appeared, and then powerful and in perfect black, restlessly undermining Claudius's apologia for incest. By the time he strode forward to the footlights, fixing his gaze on the gods for the great soliloquy, we were all entranced.

Burton defied every one in the audience to savour every word of his words (as he was to do much more as he was to in *Look Back in Anger*, and later as Petruccio). To an 11-year-old who had never before heard "To be or not to be . . .", his

delivery said simply: "Listen, I am going to tell you a great mystery, in poetry." What the words then meant, I have no idea. Looking back through the mists of time, I now understand every one. But memory is false. "Who would fardel bear... the proud man's contumely... that undiscovered country from whose bowels... Nymph, in thy orisons... Many hours with the glossy sand between me and that early innocence.

Yet it all made perfect sense, more in a way than many productions I saw after long study of Dover's willows gone to *Hoppers in Hamlet* and a shuff-full of other explanatory works. This is not a trick of memory, for although details decay a profound experience lives on.

It was an experience which not many people have these days, because, leaving aside Burton's fiercely intelligent cautions, the audience goes to *Hamlet*, now without first studying the text at school. So they miss the raw power which Shakespeare exercised over the groundlings - the uneducated riff-raff who stood in the open courtyard before the stage.

They were no doubt quicker than a 1950s 11-year old to catch the dirty puns ("Get thee to a nunnery" is *whore*); "Nothing... That's a fair thought to lie between maid's legs" etc, etc). But those groundlings must have had

pretty much the same reaction to the ghost.

Some people are a little embarrassed by the ghost, but not I, ever since that day. I have seen a ghost more often than with interpretational allegations, anachronisms or (as I once saw) a ghost in a greatcoat standing on a chair. This one was completely real and terrifying: he rose pale and massive straight out of the front stage amid billows of green smoke and eerie music. The apparition explained everything: Hamlet's peculiar behaviour, his despair and his decision to die. He was a wild and witty wordsmith. Burton delivered with supreme authority. And then, the sword fight.... I must not go on... but it was, I believe, superbly executed. Never, since, have I been so sorry to see Hamlet die, nor felt so strongly the grim exaltation of an audience facing up to the triumph of evil over good.

How profound effect, though not realised until much later, was to understand the power of imagination over facts, people and events. Producers who try to "explain" Shakespeare too often forget that, despite the amazing complexities of his verse, he told a rattling good story which even a child can understand and that children, particularly, are thrilled by sonorous language and tales of moral dilemma.



When Nureyev idled the hem of Fonteyn's dress in 'Romeo and Juliet' she stood looking down on him in wonder, as if this amazing creature would change her life

Dance/Clement Crisp

Ballet among the bombs with a bun

My baptism in ballet had as its effect, Frederick Ashton said about his first view of Anna Pavlova, of "injecting the poison into my veins". It was a young schoolboy; it was 1943; we lived in Surrey and I had nagged my parents, for reasons I now forget, to take me to the ballet.

Tickets were booked for a matinée by the Anglo-Polish Ballet. On the morning of the performance I rose, feverish with excitement. Rather too feverish, as it turned out, since I had a tendency to keel over and was lightly covered with blisters, Chickapoo, of course. Adieu ballet.

Persistent, I nagged again, and was rewarded with a matinée in London to see the Sadler's Wells Ballet. Bliss was there. How blue the lighting for the second act of *Swan Lake*, and how beautiful Fouteyn. How fascinating the designs in *Comus*, with the blaze of Helpmann's temperament commanding the

rout.
 And then, how people
 laughed (at the ballet)
 as Haganza in a corset. He was
 a little, pin-striped suit, red
 lined, was wildly be-ringed and
 even more wildly funny in the
Noche Espanol (a number alas
 now dropped from the ballet).
 And Fonteyn, in a red sack
 dress, was turned upside-down
 without losing her sweetly
 uncomprehending smile.
 I was hooked. I didn't care
 that there was a notice in the
 programme telling us where
 the nearest air-raid shelter
 was, and that in the event of a
 raid we could go there.
 I didn't care that I was
 indefinitely, should-n't leave
 the theatre - (but please do
 not disturb the rest of the
 audience. No-one ever did
 leave, and there was no
 suggestion that the dancers
 would rush for cover. They
 stayed. We stayed.
 Thereafter my pocket-money
 could pay for a rail ticket to
 London on Saturday
 afternoons, a glass of milk and
 a bun for lunch, and a seat in
 the pit for matinees at the New

and Prince's Theatres. In a world not without its tensions even for a schoolboy, ballet – and the sort of life the theatre and Sadler's Wells troupe – was an abiding joy. The red and gold disease, the mania – it was in the Russian Imperial Theatres that the word "balletomane" was coined – took hold.

I started to learn not only about dancing but about painting – the company was in its golden age of stage-decoration, with design by Edward Burra, Oliver Messel, Leslie Hurry as the norm – and to enjoy unfamiliar music. Constant Lambert, as musical director, regularly included orchestral entr'actes in the programmes; even now cannot hear "La Calinda" from Delius' *Koanga* or Lambert's *Aubade heroique* without being taken back to war-time London.

Osbert Sitwell once declared that he was educated in the holidays from Eton. The best part of my schooling was owed to those early matinees.

Literature/Jackie Wullschlager

Falling in love with Mr Rochester

Tell in love with Charlotte Brontë's *Jane Eyre*—9. I was 12, I used to talk with Mr Rochester on the way to school. "My deep love prayers will woo, my frantic prayers will all nothing to you?" "I am going, sir." "Withdraw thee from my memory, you leave me in anguish." Vexing, isn't it? Muriel Spark's *The Prime of Miss Jean Brodie*, I discovered her adolescent character Sandie chatting to Alan Breck, the hero of *Kidnapped*, and realised that generations of blue-stockinged teenagers fantasised about literary heroes as otherworldly pop stars.

Jane Eyre was an overweening literary experience. I read it almost non-stop, day and night, over 72 hours. It was the first classic novel that I enjoyed and the one that suggested what literature was about. It is a compelling story, but reading it, I suddenly saw that there is more to a great

book than a good yarn; that the original language and the brilliant artistic cohesion of the form, words, images, create the pleasure of the text. I re-read it obsessively, for the joy of its highly wrought language and fevered emotional pitch. Charlotte Brontë's near Biblical cadences thrill with romance. *Jane Eyre* is the perfect text.

Jane Eyre closed the door on children's books and opened up a brave new world of Victorian fiction. Many people recall the frenzy of adolescent reading. Graham Greene wrote of "the missed heartbeat, the appalling glee," at a shelf of the library shelf.

For me it was evoked by that Broome novel, then banished as Prejudice, The Master of the Floor, or The Days of the Devils where romantic satisfaction was denied - *Madam Bovary*, say - I was fully misread the book, inventing happy endings or lovers.

Rochester-like machismo and fidelity. Indeed, *Jane Eyre* spurns so many cultural pleasures, its intense vision was so enthralling that it tempted a search for other ways of losing oneself in an artist's imaginative world in drama, opera, in museums—there was the chance to see Rochester or D'Arcy lookalikes and recapture the romance.

All this was a mixed blessing. While most teenagers in the 1970s were out disco dancing, I was locked into Victorian England. It was a shock to find that there were more to like than trim governesses, and that men were not like Mr. Rochester.

Yet I still find *Jane Eyre* a great love story, as consolatory and satisfying as Cinderella and the fairy tale on which it is unconsciously based. Cinderella talks to the wronged child in all of us, and makes us feel special and redeemed; so does *Jane Eyre*.

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AFFAIRS OF THE ART

Music/Max Loppert

Enraptured by the voice of an angel

The year was 1955, the place a large auditorium in Johannesburg, and the occasion a concert featuring one of the world's most famous and highly esteemed singers. It was her first in the country, and awaited with the highest excitement: for, even in the postwar period before the anti-apartheid arts boycott began to bite, South Africa was a somewhat out-of-the-way place for the world's truly front-rank musicians. So when one such as this soprano did arrive, the waves of anticipation tended to ripple far beyond the small, confined pool of Johannesburg concert-devotees.

I was nine. I had already been exposed to the concert hall on a single occasion a few years earlier (a piano recital offering *Winterreise* some of the Schubert pieces I was myself struggling to learn at the time - not a great success, of which all I now recall is the discomfort of having to sit still for an achingly long time in "smart", scratchy, flannel trousers).

But the prospect of hearing a singing voice of this calibre seemed to perk up even my artistically unenthused parents. In turn this conveyed itself to me: there was also something intriguingly exotic about the singer's name -

much longer than the Johannesburg norm, Victoria to begin with and something or other to do with angels at the end - which gave an attractive tinge to my expectations of the event. (The stimulus of memorable names on a child's imagination should never be underestimated.)

The concert itself I remember hardly at all in detail - I have, for instance, no idea what she sang - and almost entirely in terms of its general impact upon me: an awareness of something marvellous sweeping over me that grew ever greater; a sense of disbelief turned to wonder that the singing voice could be so powerful yet so joyously unforced, could go so high and low, could sometimes move so fast and at other times hold itself so long, quiet and steady; above all, a thrill at the way the sound seemed to make itself part of the listener's very being.

Of the lady herself I have only a vague but treasured image, which has been superimposed upon by the subsequent (adult) occasions I encountered her - a dark-haired figure in a shining dress with a cape who smiled as though she were the friend of every small boy in the hall, and made magic.

Indeed, magic it was: at some

point during the evening I must have become convinced that this singer was really an enchanted emanation of music itself. In this parcel of suffused, inarticulate sensations I also trace the belief, formed under her influence, that "real" music, music that illuminated your inner being in this way, had always to be sung music, and that the art of such singing was a gift that only a few lucky people would ever be able to practice.

Later on I came to learn that the last conviction was the most reliable - the others were gradually amplified, and corrected, by other inspiring musicians, instrumentalists and singers with other kinds of voices and personalities. But to this day I retain the feeling of an Aurora-like awakening from sleep which the experience achieved in me.

Victoria de los Angeles, the singer in question, celebrated last month her 70th birthday. As (to judge from a recent series of Radio 4 interviews with her) she remains a person of undimmed spiritual and emotional radiance, it gives me peculiar pleasure to think that this small reminiscence may also serve as a timely tribute and expression of private gratitude to a great and glorious artist.



Victoria de los Angeles: an enchanted emanation of music itself

Music/Richard Fairman

Bowed over by Beethoven

Nobody should doubt the importance of music-teaching in schools. My school used to run regular trips to London for concerts and operas, usually one or two a term. It was as much an excuse for an evening out as anything else, but at least young minds came to associate music with having a good time, which is no bad thing.

My first outing was to *The Magic Flute* by Sadler's Wells Opera, about which I remember nothing except that Sarastro's priests were dressed in a gaudy orange which I thought very tasteless.

The next trip was more of an impression. Indeed, it changed the direction of my life. We went to the penultimate night of the Proms, an excellent seat I recall, directly above the royal box. (It was possible to drop sweet-wrappers down on to the crown below.) The main work was Beethoven's Ninth Symphony, which I had not heard before, and was the vagaries of the Royal Albert Hall's acoustics could not dull the music's power (I distinctly remember seeing the conductor finish the symphony and the promoters jump to their feet before I heard the final chord). The thrill and power of the music left my

head spinning. I went out the next day and bought my first classical record.

The only comparable experience came years later, English National Opera had put on a production of Massenet's *Werther*, then a rarity, for Janet Baker. The first two acts seemed to me sentimental in just the way I had imagined Massenet to be from the snobbish criticism he used to get in those days, but the third act held me riveted. As Werther and Charlotte circled each other at their fatal Christmas Eve meeting, I was swept away with the intensity of it to a world far removed from St. Martin's Lane.

Only when the curtain came down for the interlude did I regain my bearings. My forehead felt cold and damp, so I lifted a hand to wipe the sweat from my brow and was surprised to find bits of paper stuck to my fingers, dropping on to my face. I had just ripped the programme to shreds. What the people around me thought I do not know. Either they had been as engrossed as I was or they were asleep. Unfortunately, given Massenet's lack of popularity with British audiences, I suspect the latter.

Film/Nigel Andrews

Shell-shocked by Cimino



Deep into the soul: Robert De Niro in 'The Deer Hunter'

A seminal experience, announced the arts editor. Something that changed your life and sparked your love affair with the art of your choice. Something that made you what you are today. We journalists know this kind of piece. It is the equivalent of being told by your employer, "Here is a length of stout rope, over there is a tree-branch."

"Made me what I am today" - but what am I? And what film should be maligned by being held responsible?

First I would have to subpoena two childhood memories, *The Wizard Of Oz* and *Prince Valiant*. These made me fall in love with the experience of filmgoing. The first sent shockwaves of delight through me by turning without warning from black-and-white to colour: something I had no idea could be done either in life or in cinema. The second film, in which Robert Wagner fought a bunch of Arthurian baddies with nought but a broadsword and pudding-bowl haircut, proved revelatory in the fact of being seen at a morning screening. My parents took me to it in the West End. Aged eight, I could not believe that bliss could start so soon after daylight.

I must also record an adolescence devoted to Gothic cinema. Vincent Price never knew how passionate a following he had among the students of Lancing College, Sussex. We roamed the streets of Brighton

in search of Mr Price and Mr Poe. *The Pit and The Pendulum*, *Tales Of Terror*, *The Hound of the Baskervilles* - these movies were succulently preposterous where others were portentous. They soared to idiot heights and plumbed charnel depths. They taught us that flimsy-budgeted, fly-by-night art could be as kinetic and imaginative as - often more so than - the faster, costlier products of the world's dream factories.

But if I must isolate and enshrine one movie, let it be a later one. Some films are so powerful that they risk sending you out of the cinema rather than holding you inside. As a child I fled *Brothers From Mars* in terror. More recently *Reservoir Dogs* built up an atmosphere of evil so strong I kept making a mental dash for the exit door. But I have never been dragged through so many strong emotions, with such a merciless guiding intelligence, as in Michael Cimino's *The Deer Hunter*.

I still believe that Cimino is a giant that Hollywood squandered rather than - usual version - a spendthrift egomaniac who half-bankrupted Hollywood. Like *Heaven's Gate*, *The Deer Hunter* creates an entire community from the ground up; something no other modern film-maker is capable of. The film's Russian-American steel town is so well-painted, so densely characterised that you can feel it, touch it, smell it. And when the film goes to Vietnam, its fictionalised scene

of psychological torture - the maligned "Russian Roulette sequence" - has a power on first viewing that leaves you almost literally shell-shocked.

This is what cinema can do and should do: take you to a part of yourself and your emotions you never knew existed. If *The Deer Hunter* was not the literal truth about the Vietnam war, it was something more. It began by making the cinema a window on the real world; then it turned that window into a wound-opening into the American soul and the souls of all us.

In the years after its release and its multiple Oscar sweep *The Deer Hunter* became politically incorrect. All the way from its denunciation of the Vietnam war, it was something more. It began by making the cinema a window on the real world; then it turned that window into a wound-opening into the American soul and the souls of all us.

No movie reaches greatness without offending someone. Such provocations are the sign of a high-voltage imaginative experience wired to real events in a real world. A short list of films that have been deemed politically incorrect would include *Birth Of A Nation*, *Napoleon*, *Battleship Potemkin*, *La Règle Du Jeu* and *The Searchers*. *The Deer Hunter* belongs right up there in that company.

Pop Music/Antony Thornecroft

My hero with the pelvic thrust

It was a photograph in *Pictures* around 1966 which first caught my attention: the sneer on the young man's face as he challenged the camera, and then the body contorted from the waist down, with a guttural, provocatively tilting up into the imagination. I read that an Elvis Presley was causing consternation in the US, with his pelvic thrusts. As a teenager I had found my hero.

Then came the movies, standard boy meets girl stuff but enlivened with ballads which seem so innocuous now, but were so full of forbidden fruit. "Don't" was my favourite, then "Teddy Bear". I adapted them both for the recorder, the only musical instrument known at school, and developed the party trick of playing them through my nose, while singing.

Hearing the actual Elvis records was difficult. BBC Radio refused to acknowledge the existence of this new phenomenon, the youth market. It still believed that when a boy or girl left school at 16 or 17 they turned into carbon copies of their parents in terms of dress, manners and leisure interests. Students were different - they liked jazz.

But if the Light Programme was an Elvis Free Zone, Radio Luxembourg knew differently. So through the cracks and the inevitable commercials for Horace Batchelor's football pools system I got my Elvis fix. I even took my enthusiasm to

the pitch of writing a poem, "Elvis, Elvis, Shaker", which is thankfully obliterated from memory, apart from the couplet "To reach a firmament / In definitive moment".

The last affair with Elvis did not survive the appearance of *Rudolf Nureyev* and his more intellectually challenging popsters, Bob Dylan and the rest. I do not think I was ever that keen on Elvis's records

after the first year or so. It was what he stood for that changed my life. He transformed the world as much as any person this century. From his success came the modern music industry, fashion industry, entertainment industry; the "me" generation, sexual revolution, the universal wish for self-gratification.

Elvis never progressed beyond the spiritually poor, under-educated Southern boy, just this side of white trash. But in the hands of Dylan and the singer-songwriters that followed, the Joni Mitchells, Leonard Cohens, Paul Simons, Jackson Brownes and hundreds more, a new art form, the art form of the democratic age, of the youth generation, of the global market, came forth.

Much that followed, especially the crass commercialisation, and the kicking down of all restraints, which opened the way for drugs, was awful and dispiriting. But Elvis released the repressed energy and idealism of youth. He marked the divide between them and us - Them, the old world, old values, the snuffers out of youth. Us, the first wave of the new world, which within a decade would completely sweep away the past. The Light Programme became Radio One; pop pirates became commercial radio; the Beatles got their MBEs; London swung; the UK gave the world its voice. Presidents, Prime Ministers and Popes got younger.



Elvis Presley: he transformed the world

Spoken Word/Gary Mead

Now you can tune into a Penguin

Anyone old enough to recall Daphne Oxenford's words at the start of each episode of the radio programme *Listen With Mother* will have no trouble in immediately placing Margaret Thatcher's reading of her book *The Downing Street Years* (four cassettes, six hours, £14.99, HarperCollins AudioBooks). The odd thing is that Thatcher's patronising "I know what's good for you" tone quickly becomes tiresome in the absence of those manically staring eyes, inevitably absent on an audio tape.

Despite that, her recording could be the best-selling audio tape in the run-up to Christmas; it has sold 17,500 copies since its October launch.

But that is a one-off. Of much greater importance in spoken word publishing has been Penguin's launch into this highly competitive market in November, backed by a £50,000 marketing budget. Penguin will not say how well sales are going, but its decision to enter the audio book field is logical: the UK spoken word market, currently estimated to be worth as much as £46m, is growing at some 10 per cent annually; book sales are shrinking for all but the most commercially successful best-sellers; and Penguin has an impressive backlist which con-

verts naturally into a powerful spoken word collection.

It has published 15 titles so far, including Derek Jacobi reading *The Iliad*; Dirk Bogarde reading his own book *A Short Walk From Harrods*; versions of *Dracula*, *Madame Bovary*, and *Of Mice and Men*; *Hotel Pastis* read by its author Peter Mayle; and some Beatrix Potter tales.

The version of *The Iliad* (£19.99, nine hours on six cassettes, abridged extracts) is everything Margaret Thatcher's reading is not. Jacobi has become almost synonymous with Greek and Roman classical literature ever since his television depiction of the Roman emperor Claudius. His reading here is marvellous, evocatively distinguishing between characters, deploying a wide tonal and rhythmic range for different events and moods. The only quibble is that the abridged extracts are linked with a "connecting narrative" by Maria Tucci, whose slack American vowels sit most uncomfortably with the crisp, clear authority of Jacobi. The largest market for audio books is the US, and Tucci's superfluous presence can only

be seen as Penguin genuflecting towards that audience.

Claire Bloom reads *Madame Bovary* (£7.99, abridged, three hours), another well-matched voice and subject, with Bloom's voice extending across the full spread of Flaubert's shades of irony and cynicism. On the other hand Richard E. Grant, who reads *Dracula* (£7.99, abridged, 3 hours), cannot make up his mind whether the count should be rendered as a menacing Transylvanian or a hissing Japanese sounding rather like Riechi Sakamoto, known for his central role in the movie *Merry Christmas Mr. Lawrence*.

But Penguin's version of John Steinbeck's *Of Mice and Men* (£7.99, three hours, unabridged), read by Gary Sinsie, is superb. Sinsie's gravelly, nasally, occasionally snarling reading is a model of what can be achieved on an audio book. He has a perfect grasp of the slightest change of pace in the text; he can credibly and instantly switch character and alter his voice to give what is almost a dramatic performance rather than a monologue.

Penguin's monologue in the market is going to seriously

dent the prospects of some competitors. *The Complete Listener*, which specialises in unabridged classics, has just brought out *The Vicar of Wakefield* (£18.00, five hours, seven cassettes) but it sounds as though it was recorded in someone's garden shed. It is going to be impossible to get away with that kind of poor sound quality if Penguin and the other major publishers really push hard.

For besides superb recording quality, Penguin also has a very neat but quite simple marketing idea: telephone sales. Each cassette contains a central London number which can be called to order other tapes; that facility is bound to be popular with the house-bound.

But other publishers are going to give Penguin a good fight. Cover To Cover has just brought out a handsomely boxed set of Thomas Hardy's *The Woodlanders* (£29.99, 10 cassettes, unabridged, 15 hours 25 minutes), beautifully read by John Rowe. Others in the same series are Jane Austen's *Emma* (read by Prunella Scales) and Northanger Abbey (read by Anna Massey) and *Far*

From the *Madding Crowd* (read by Stephen Thorne).

Penguin has chosen to abridge most of its audio books, unlike Cover to Cover and some other publishers. The debate about full or edited versions will no doubt rage forever, but the example set by *The Woodlanders* shows how important a full version is. Hardy's descriptive passages could so easily be cut to save time; but just as no-one would wish to read a slashed Hardy novel, it is difficult to see why anyone would want to listen to a heavily condensed version.

With a reader who is up to the task, and a text that is rich in subtle movements, abridgement is butchery, as is to some extent established by Penguin's chopped version of *Madame Bovary*, where character motivation is often rather inexplicable, due to the condensing which has been made to get it to fit into three hours. It's also a strange translation in places; why render "diploma" as "school degree" unless it is to lead supposedly ignorant US listeners by the nose?

The same can be seen even more strikingly by comparing

two competing and newly released versions of the same novel, *The Choir by Joanna Trollope*. The HarperCollins version (£7.99, two cassettes, three hours), read by Patricia Hodge, is almost incomprehensible at times, such are the ellipses made in the pressing need to cut text to fit a preconceived length. Moreover, Hodge's enervated reading suggests a palpable disinterest in the text.

By comparison the Isis Audio Books unabridged version (£19.99, six cassettes, eight hours 30 minutes) not only does an infinitely better job of situating character and building tensions, it is also read by Carole Boyd (Linda Snell of the BBC radio serial *The Archers*) with real vigour and verve.

A "star" reader is not always a good bet; as *Listen for Pleasure's* (RML) abridged version of the Colin Dexter Inspector Morse novel *The Way Through The Woods* (£6.99, two cassettes, three hours), read by Kevin Whately, demonstrates. It must have seemed a clever idea. Get Whately, who gave excellent value as Morse's sidekick Sergeant Lewis in the TV Morse series, to make an audio

book of a Morse novel. But it completely backfires. Whately has no modulation of voice, no sense of rhythm, and all characters and incidents blur into one stream of porridge. Tring Audio Books runs into precisely the same problems by getting George Kennedy - an excellent Hollywood character actor - to read a butchered version of *Moby Dick* (£4.99, two cassettes, three hours). Kennedy cannot read to save his life; just because he has a rich American voice does not mean he is the best person to read a rich American novel.

The pro-American camp - of which Penguin seems to be a member so far - argues that listening to a book is not the same as reading it, so cutting is not just legitimate but proper. A subsidiary argument is that people either do not have or are not prepared to devote the time necessary for a complete reading.

Neither argument holds water. Being read to is a much greater pleasure with the full density of a good author's prose. As for considerations of time, a good performance grips and entices; and nothing can save a bad one from being

quickly switched off.

A case in point is another Isis publication, Spike Milligan's *Where Have All The Balls Gone?* (£19.99, six hours 30 minutes), read by Spike himself. To have cut this bravura comic performance would have been absurd; and it is actually greater fun to have Spike deliver the text than to read it flat on the page. The same is true of the Chivers Word For Word unabridged version of Tom Sharpe's novel *Porterhouse Blue*, read by Cliff Rixes Jones (£16.99, six cassettes).

But for sparkling audio comedy the BBC, which thanks to its massive audio output has about 50 per cent of the audio cassette market in the UK, still leads the pack.

The BBC has just released a mini-collection called *Canard Laughter*, including single cassettes of the radio comedy *Radio Active* - featuring a peculiarly hirsute Angus Deyton on the cover - *Knowing Me, Knowing You*, and *The Nick Revell Show*, all £5.99.

But who on earth will buy *An Evening With Johnnys* (Listen for Pleasure, two cassettes, two hours, £6.99)? Brian Johnston, cricket commentator and after-dinner speaker, goes in for terrible puns and low jokes. A sample: "I once went into an Indian restaurant where they served up Boycott curry; you still got the runs but more slowly." Now an abridged version of that would be a happy release.

السلامة من الاموال

MARKETS

London

Lessons of a splendid time for gilts

By Peter Martin, financial editor

You would think, from the fuss that has been made about the stock market's performance in the last few months, that 1993 had been a particularly fruitful year for equity investors.

In fact, the 20.6 per cent rise in the FT-Actuaries All-Share index from the end of last year to the middle of this week is good but not spectacular. If these gains are preserved until December 31, this will only be the tenth best year since 1970, ranking below all but one of the years of the great 1980s rally.

The really striking performance by historical standards this year has come from gilts. The FT Government Securities index passed the 100 mark for the first time in years, and the FT-Actuaries All Stocks index of gilts rose 10.4 per cent, the highest figure since 1982 and one of only five double-digit rises in nearly a quarter century. Gilts benefited from a worldwide fall in interest rates - the long end of the US treasury market apart - and from a belief that chancellor Kenneth Clarke's first Budget represented a serious attempt to get the government's borrowing under control. In the past month, gilts have delivered the best performance of all the world's main government bond markets.

Still, when you take dividends and interest into account, equities retain the lead for the year as a whole. The FT's latest Monday table, showing the total return on all asset classes, gives a 22 per cent return on 7-10 year gilts and a 28 per cent return on UK equities.

This comparison is a tribute

to the traditionally generous dividend policy of UK companies. It also tells us something important about the way companies have weathered the recession. Though 1993's dividends were paid on results ravaged by the recession, they stayed high: in fact, on S G Warburg's estimates the market paid out 84 per cent more in dividends this year than it did last.

You can interpret the grim determination with which British boards kept up their dividends in two ways, optimistic and pessimistic. The optimistic view is that if UK plc was still able and willing to raise dividends in the teeth of the recession, it will be committed to keeping them growing in the years to come. Steady dividend growth and low long-term interest rates will provide a strong valuation underpinning for the market. That will help push the FT-SE to the 4,000 mark that is being talked about as the next peak on the horizon, now that 3,500 looks comfortably within reach.

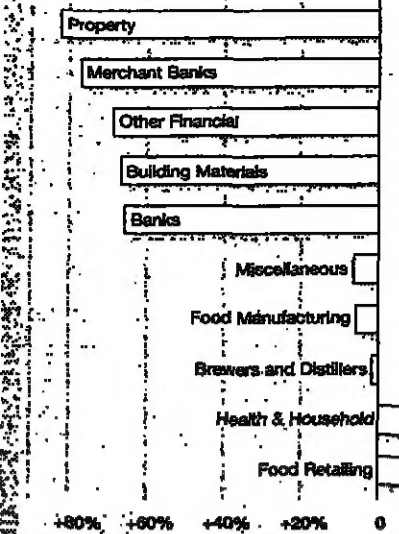
The pessimistic case is that keeping dividends up has strained historical ratios. Cover - the extent to which dividends are covered by earnings - has dropped to around 15 or so. If you exclude the utilities, a figure that is well below traditional levels. The normal pattern is that as the economy recovers, profits rise sharply and cover is rapidly restored. But, as a letter from a reader, A H Carter, of Kempsey, near Worcester, points out, the low inflation rate which has contributed to low bond yields and this year's stock market performance has another consequence.

He argues that lower inflation will cap prices. "There are

Equities in 1993

Best and worst performing sectors

FT-Actuaries Index % change



1bn workers in China and eastern Europe willing to work for under £2 an hour," he says, "and they will be given the opportunity." These factors will limit profit gains. Cover will need to be rebuilt, so "dividends may rise, but only marginally." His conclusion is that as interest rates fall, investors will again become risk averse, and equity yields will end up higher than the yield on gilts, as used to be the case until the 1960s.

Even without pushing the argument that far, Carter has a point. Is equity enthusiasm based in part on a fervent belief in a free lunch? There are many aspects of low inflation which are good for equities: falling interest rates, a more stable business environment, and so on. But the supply-side factors that hold prices down, including overcapacity and the growing competition from low-cost producers, are not good for those companies exposed to them.

The chart of the best and worst-performing sectors in the All-Share, shown above, may be hinting at some of these forces. Not surprisingly, the best performers are companies that stand to benefit most from

low interest rates, especially property companies and banks. In general, though, all the sectors with specially strong performance this year benefit from being protected from the price competition that has become endemic among manufacturers.

Down at the bottom of the performance rankings come sectors where pricing power is under threat. Food retailers and manufacturers, for example, risk a supermarket price war. The pharmaceutical companies that dominate the health and household sector face a worldwide attack on drugs prices by governments and health insurers. And the drinks companies' strategy of pushing up margins to compensate for flat or falling volumes has run into problems this year.

Perhaps the striking outperformance of smaller companies, shown in the other chart, also owes something to this factor. Smaller companies, in general, are better protected from the fierce winds of international price competition than their larger rivals. And the second-tier stocks - those represented by the FT-SE Mid 250 index - are dominated by utilities, with regulated prices.

Even commercial television companies face greater competition, though you might not think so from the performance of media stocks, up 33 per cent on the year. The driving factor here, of course, has been the move to merge, leading to the hostile bid by Granada for LWT. As the industry switched off its collective brain for the Christmas viewing season, the outcome of the bid was still in doubt.

LWT's main defence manoeuvre - an elaborate attempt to merge with Yorkshire-Tyne Tees, then sell off the Tyne Tees franchise to Anglia - seemed to be getting nowhere. That left the LWT board to appeal for shareholder loyalty on the basis of an exemplary management record. Since Granada's cash alternative is a low one, shareholders will

mostly be deciding on the basis of its offer of shares. They will have to make up their minds whether they prefer the long-standing performance record of the LWT team to the impressive recovery staged by the new men at Granada.

The City has been enjoying the week before Christmas, cheerfully playing the traditional festive game of squeezing market makers caught short of stock ahead of the holidays - a routine which contributed to yesterday's 40.3 point rise in the FT-SE 100 index, to a new record close of 3,396.5. During the day, the index passed through the 3,400 level for the first time.

The week also saw a flurry of corporate news. Lasso eased its debt problems by selling a stake in the Liverpool Bay gas field to PowerGen. Together with a clutch of other assets, this raised £122m.

Unilever strengthened its position in the ice-cream business - one of its strongest sectors - by buying control of France's biggest independent producer, Oriz-Miko. The company has 18 per cent of total French ice-cream sales, giving Unilever the country's sales leadership, with roughly a third of the market. The deal is valued at around £220m, a mouthful for most companies but no more than a threepenny cornet for Unilever.

Perhaps the biggest corporate development, however, was the government's announcement that it plans to open all British Gas's domestic markets to competition. The shares had reached a record high of 360p last week, as investors decided that the government was not, after all, going to break up British Gas. Though Tuesday's announcement confirmed that guess, the news of the competition decision came as a nasty shock. The shares lost 10p on the day, closing yesterday at 336.5p, a fall of 20.4p since last week. It was yet another piece of evidence that even in the utility sector, price competition is breaking out all over.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Abbeycrest	Misc	5,432,071	3,911	1
Berkeley Group	C&C	15,000	73	1
Booker	FMIs	8,088	38	1
British Land	Prop	30,000	257	1
CALA	C&C	832,533	1,008	2
Compass Group	C&C	45,219	289	1
Coutchley Group	Elcs	70,000	290	1
David Lloyd Leisure	H&L	40,000	80	1
Diploma	Elcs	257,000	1,414	2
Edinburgh	Elcs	88,446	389	2
IMI	EngG	9,000	27	1
Jarvis Porter	Pack	76,651	207	1
Lambert Horwath Grp	Misc	8,500	20	1
Maria & Spencer	Stor	10,000	44	1
Mercurius Estates	Prop	100,000	437	1
Morris Ashby	Med	17,832	31	1
Northern Electronics	Misc	50,000	145	1
Oriflame Int'l	Stor	50,000	160	1
Osborne & Little	Misc	100,000	227	1
Oxford Instruments	Elcs	90,000	295	1
Pearson	Med	80,000	354	1
Radio Clyde	Med	100,000	357	1
Standard Chartered	Bank	50,000	611	1
Starling Publ Grp	Med	250,000	410	1
Vaux Group	EngG	8,000	22	1
PURCHASES				
Abbeycrest	Misc	50,000	38	2
Said (William)	Taxi	20,000	45	1
Benham Group	Med	20,000	85	1
CALA	C&C	95,000	112	3
Caledonia Inv	OHF	5,000	31	1
CrestCare	H&L	300,000	102	2
David Lloyd Leisure	H&L	40,000	80	1
Dorling Kindersley	Med	50,000	115	1
F & C Eurotrust	Int'l	68,000	149	1
Greenall Group	Brew	150,000	594	1
Mayborn Group	H&L	9,299	20	1
Mercurius World Mfg	LP	325,000	335	1
Royal Bank of Scot	Bank	28,000	123	1
Strling Group	Text	75,000	41	2
Vandome Luxury Grp	Stor	100,000	341	1
Wellman	EngG	298,900	58	2

Value expressed in £2000s. This list contains all transactions, including the exercise of options, in 1993, subsequently sold, with a value over £20,000. Information released by the Stock Exchange, 12-17 December 1993. Source: Directors Ltd, The Inside Track, Edinburgh

making a killing, there are also still a few occasions when their timing is a little less than perfect. Probably the most unfortunate of these was Lord King's purchase in Babcock International, where he is chairman. During two days in July, King spent almost £150,000 acquiring stock at around 35p. The interim results in October revealed recovery was not as advanced

Colin Rogers, the Inside Track

Wall Street

A good news year

Just under 12 months ago, who on Wall Street could have imagined that the stock market would be ending 1993 in such robust form and good humour? Share prices are trading near record highs. The economy is growing at a faster rate than expected and corporate profits are improving steadily.

Inflation remains unthreatening, which means domestic interest rates have stayed close to 30-year lows. And the underwriting calendar is as busy as ever at the end of what has been the best year in history for corporate debt and equity issuance. Even the long-dormant mergers and acquisitions business is thriving, with a strong year ending in blockbuster style with a planned \$50n employee-led buyout of UAL, and what could be a winning \$100n bid in the takeover battle for Paramount Communications.

All this and record profits (bonuses, too) for the traders, bankers and deal-makers who have oiled the wheels of the financial markets throughout 1993. At times, it seemed as if Christmas came every other week for Wall Street in 1993.

The year, however, had some downs as well as many ups. There were periodic attacks of anxiety over the direction of interest rates and the possible revival of inflation, in particular during the autumn when prices of government securities nose-dived and long-term bond yields rose sharply.

The stock market's nerves were assailed several times during 1993 by President Clinton's peculiarly cliff-hanging style of making policy and law. His last-gasp legislative victories over the administration's first Budget and, later, the North American Free Trade Agreement may look like successes now but, at the time, the votes were too close for the market's comfort.

Shock waves from overseas also washed ashore occasionally in New York. Trade became a troublesome issue for the first time in recent memory because of NAFTA and GATT (the General Agreement on Tariffs and Trade), while turmoil in foreign financial markets (especially the continued

decline in Japanese equities and fresh upheavals in the European currency markets) sometimes took its toll on sentiment in the US. And political crises in Russia and threats of conflict in Korea left US investors rattled at times.

Yet, the good memories outweigh the bad, as they should at the end of any year in which the Dow Jones Industrial Average has risen almost 14 per cent, the Standard & Poor's 500 more than 7 per cent, and the Nasdaq composite index nearly 12 per cent.

As in 1992, the main driving force behind rising share prices has been low interest rates. For almost three years now, these have been persuading investors to shift money out of low-yielding, short-term assets, such as bank certificates of deposit, and money-market funds, and into equities where dividend returns and the potential for capital growth look more enticing.

The steadily improving economy, and solid growth in corporate profits, also have helped to sustain stock prices. Then there was the unexpected boost to share values from the return of merger mania. In several key industries - media and entertainment (Paramount and QVC or Viacom); telecommunications (McCaw Cellular and AT&T, Telecommunications Inc and Bell Atlantic); health-care (Medco Containment and Merck); and financial services (Shearson and Smith Barney, yields rose sharply.

And what of 1994? The view that the bull market has run its course, and that rising interest rates will force a correction in over-valued share prices early next year, is gathering support. It is a persuasive argument, but the Christmas spirit should be strong enough to allow Wall Street to put aside doubts about the future and enjoy the last few days of a remarkable year.

Dreyfus and Mellon Bank) - factors such as technological revolution, impending regulatory change and a search for efficiency through consolidation forced a host of big companies into strategic unions.

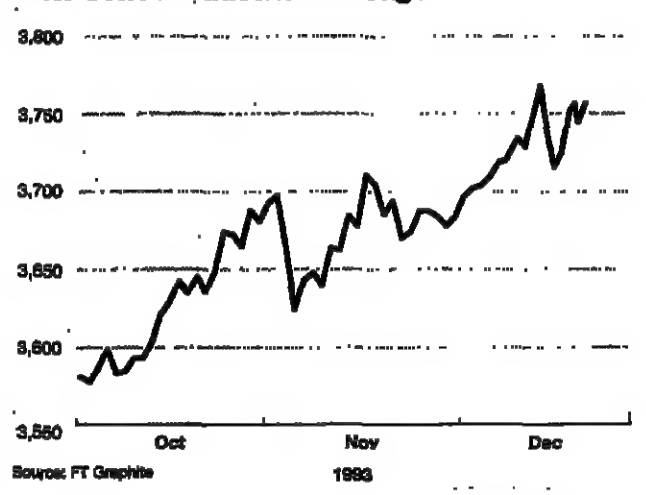
If there was one drawback, it was the tendency among many companies to finance their deals with equity, which led to some dilution of share values. Finally, 1993 also has been a year in which the cream of the country's managers have learned to respect the power of institutional shareholders and investors. Among those ousted because of poor performance were John Akers at IBM, Kay Whitmore at Eastman Kodak, Jim Robinson at American Express and Paul Lego at Westinghouse.

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Patrick Harverson

Monday	3758.21	+ 63.64
Tuesday	3748.15	- 10.06
Wednesday	3762.19	+ 17.04
Thursday		

Dow Jones Industrial Average



Source: FT Graphite

Frivolous Money

So you want to get rich quick...

By Philip Coggan, personal finance editor

The time has arrived to give the fragile economic recovery a kick-start by displaying that unnecessary paperwork which the health of 1990s' Britain depends. After studying personal finance developments of the past year, I am setting up a subsidiary, Coggan Enterprises, to offer new products exclusively to FT readers. The attractive range includes:

■ The Emerging Planets Fund

China, Vietnam, and Tajikistan are old hat already. Serious growth investors are looking beyond the emerging markets and towards the solar system. Think of the tourist possibilities of Mercury, the sunshine planet. Calculate the mineral deposits on Mars, the gas reserves of Jupiter and the refrigeration facilities available on Pluto.

Serious profits will be made only by those who invest early. Send a cheque now and we guarantee your money will be invested in the first interplanetary stock market companies to be quoted. In the short term, of course, opportunities will be limited, so no dividends will be paid.

■ The cut-price, fixed-rate mortgage. Just 1.99 per cent. No, you are not dreaming. The lowest mortgage rate since Ethelred the Unready defaulted on his castle repayment plan - and it is fixed for a whole year. Conditional only on clients taking out an endowment policy, personal pension policy, home contents and building insurance, washing my car every Thursday and letting the firm's employees use your house at weekends.

■ APR 49.6 per cent.

■ The surefire personal pension. Why depend on your employer, or the stock market, for your pension? Simply go out and sell personal pensions to other people and invest the healthy commission income in your own pension plan. It is so easy that you can look forward from

the start to retiring in Barbados. We send you the whole package, including completed fact-finds to save your clients all that unnecessary paperwork.

Simply get them to fill out a direct debit and, to keep the regulators happy, ask them to complete the following sentence in less than 12 words: "I would like to opt out of my government-guaranteed, index-linked pension which has full death benefits because..."

■ The very, very high income fund. Disincentified with single-digit income plans? Not tempted by

'Serious growth investors are looking already towards the solar system'

a measly 10 per cent or so? The very, very high income fund guarantees to pay you an income of 20 per cent a year over five years.

Yes, that's right. Your capital is returned in full and tax-free over the five years. At the end of the period you might also, in certain circumstances, receive a lump sum equal to your original investment. Minimum: £10,000 or the equivalent in any other currency. (At Coggan Enterprises, we are not fussy).

■ Only if England win the World Cup in 1998 and Arthur Scargill becomes prime minister.

■ The warrants warrant fund. Financial services groups have simply failed to provide investors with products which have the right kind of risk-reward profiles for today's go-go stock markets. The warrants warrant fund fills a niche.

It buys warrants, which entitle the holder to buy warrants, which in turn entitle the holder to buy the capital

shares of highly-g geared split capital investment trusts. If the stock market grows at a modest 25 per cent a year until 2000, investors who put £1,000 in the fund will have a holding equivalent to the GNP of Canada.

To protect investors against the down-side, we supply a ready-made writ so you can sue the Bank of England for allowing the fund to exist when, as is 99.99 per cent certain, you lose the lot.

■ The Rockall umbrella fund. The ultimate offshore product, which is out of reach of all the world's tax authorities. The Rockall umbrella fund has more than 400 sub-funds (everything from Algerian bonds to Zambian smaller companies). You are allowed as many switches between funds as you like in a calendar year. Indeed, the more the better, since we get 2 per cent every time you make a change.

■ And of you, when you want your money back.

■ Critical reports insurance. Fed up with all those critical reports from regulatory bodies? Worried how you are going to pay the fines? For a modest premium, our policy will guarantee to pay off the fine and meet the regulator's costs. We will also issue a standard press release saying: "These problems are all in the past. The people concerned have been dismissed. We are confident in the ability of our staff to serve the public and in the attractions of our endowment/personal pension/single premium policy" (delete where applicable).

(Select your policy from SIB, Laura, SFA, Ann and Emma varieties. When it comes to Consumers' Association reports and quotes from Jean Eaglesham, you are on your own.)

If you wish to take up any of these policies, please send all cheques to the Old Hacks Retirement Fund, The Big Yacht, Somewhere in the Caribbean Hiding from the UK Regulatory Authorities. Merry Christmas.

Directors regain that ring of confidence

It has been a great year for UK stock market investors. But how did it match up to our monthly director confidence ratio?

From January to June, directors showed little interest in acquiring their own shares - indeed, the level of buying was, more or less, matched by selling throughout that period. Historically, that is a fairly bearish statistic.

Boardroom sentiment improved dramatically in July, though, with the buy/sell ratio moving back up to 2.5/1. Shortly thereafter, the market moved out of its 2,800-2,950 trading range and breached the 3,000 barrier. The only other month when the buy/sell ratio hitched over 2.5/1 was November - and we know how well the market has performed since the Budget.

Overall, the balance between buying and selling by directors continues to provide a remarkably accurate indication of stock market trends, although there were fewer wild fluctuations in the ratio during 1993 than in previous years. That might be explained by the relative maturity of the present bull market phase. Yet, many of the stocks that featured prominently last year have reappeared at various stages throughout 1993, and not always with the same story.

Martin Sorrell's WPP was tipped widely as a prime beneficiary of increased advertising spending during the year, so the bulls had a field day when he bought 100,000 shares at 56p in January. The previous year, he had acquired 200,000 shares at between 31.5p and 39p. In September, the price hit 105p,

but Sorrell sold 850,000 at 92.5p in November and the price has fallen since.

Richard Peskin, the high-profile chairman and managing director of Great Portland Estates, a leading property group, has shown equally deft timing. Peskin has long been critical of the stock market's reluctance to rate property shares more highly, and he has sought equally consistently to capitalise on this perceived valuation discrepancy by buying significant chunks of his own stock. His largest purchase was a line of 500,000 shares in December 1991, but he continued to buy throughout 1992 at prices as low as 104p.

The subsequent performance of the property sector has proved him right, and Peskin sold 750,000 at 225p three weeks ago. Many of his peers in the sector also have found it difficult to take profits in recent weeks.

Tom Buffett, chairman and chief executive of Automated Security, is another who has cause to celebrate. In March, he sold 200,000 shares at 157p, taking a handsome profit on the 173,000 he had bought in the previous year at 85p. The third-quarter results announced in October revealed profits down sharply, and the shares fell dramatically. Buffett seized the opportunity to buy back, picking up another 250,000 at just 101p. That purchase already seems been timed sweetly.

This finely-timed execution is usually shown by individual directors, but there are occasions when the whole board deals just as effectively. In

April, nine directors of insurance broker Steel Burdill Jones sold over 1m shares at 234p. In September, the company announced losses at the interim stage, catching the market unawares.

The share price decreased rapidly and 10 directors bought a total of 125,000 at 144p. As a general rule, you should always be wary when directors sell heavily at the top and then re-invest only a small proportion of their proceeds, so Steel Burdill Jones will be an interesting one to watch.

The above are examples of two-way trading by directors, but many have absolutely no inclination to buy back into shares they have sold. One such would be Melvyn Marcus, deputy chairman of Queens Meat Houses. When he sold 1.1m at 57p just days before the company entered its closed period in February, there was little obvious sign of trouble. Subsequent events, including the departure of Marcus, have shown that the company was virtually insolvent and its fate now lies in the hands of the receivers.

Just as Marcus is in no position to sell more shares, even if he wanted to, the three directors who bought stock in Erskine House in April are in a similar position. Having bought heavily at around 31p, directors of the troubled photocopy group made a killing only weeks later when they agreed to be taken over by US-based Alco at the equivalent of 50p. Ordinary investors can only marvel at this sort of conspicuous success.

Inevitably, while there are countless examples of directors



This year I finally managed it. I sent out no Christmas cards, except to my immediate family. For years I would vow not to shower friends and colleagues with these garish tickets to nowhere. But then, as December dragged on and my desk began to pile up with the cards that had been sent to me, I would crack and rush out to the post office with belated reciprocity. This year, my meanness has got the better of my social insecurity.

At some times the feelings of guilt have been sharper than at others. The card carefully chosen by good friends, and painstakingly inscribed by their three-year-old child, is a real checker.

At the other end of the spectrum is the card displaying a photograph of the family of someone I scarcely know and with nothing but a

Enigmatic Christmas cards

Dominic Lawson is tired of receiving greetings from strangers

printed message inside. I am not a Christian but somehow the substitution in such cards of the holy family with that of the sender's own has always struck me as rather preposterous.

Operating at a different level of irritation are the cards from people who think that a straight line with a couple of dots on top is a proper signature. What makes it worse is the knowledge that this lazy hieroglyphic is the result of the sender having to sign hundreds of identical cards in one rushed signing session with a secretary standing by. Yet still I want to know who this man or woman is.

We are entering here the murky world of the corporate Christmas

card, sent from office to office, from business contact to business contact. The problem has been caused by companies which have allocated part of their public relations budget to the purchase of thousands of such cards. Those of us who have to buy our own Christmas cards, at about £1 each, cannot compete with those who can simply ask their secretary to make another dip into the stationary cupboard.

They, of course, need not discriminate at all: the choice for them is only whether to sign or not to sign. The cleverest ones avoid even this brief moment of decision by embossing all their cards with a facsimile signature. I will not reveal which head of one of the

royal houses of Europe does this on his Christmas cards because I always have liked the look of his card on my mantelpiece and I would therefore not want to offend His Royal Highness.

Of course if you are a King you need not use a surname. Which is just as well for you also on my list of Christmas cards to be snuffed at are those from people who sign with their full name. If we are not on first name terms why are we exchanging such fondnesses? Why, Virginia, why?

On the other hand, Virginia, I much prefer your studied formality to the misplaced chumminess of the Churches' Media Officers, which strange acumenial ensemble has

sent me card signed personally by "Eric", "Patrick" and "Steve". Fortunately the printed side of the card reveals that Eric is the Rev. Eric Shegog, the Director of Communications at Church House, so that is one mystery Christmas solved.

And, who knows, perhaps I will at some time in the future meet and learn much from the Rev. Eric Shegog, and then his card will seem merely an anticipation of fine friendship which does not yet exist.

The same, I fear, cannot happen between me and the "University of Wolverhampton", nor between the "Editor of The Spectator" and the "Mersey Partnership Team". I feel we have too little in common, at

this stage in our lives. And who are you, anyway?

However, to those at the Grand Hotel du Cap-Ferrat, an establishment even Sir James Goldsmith regards as something of an extravagant treat, I say thank you for your lovely and unexpected Christmas card: and if you ever care to ask me to stay one Christmas, I and my family would be delighted to accept your kind and thoughtful invitation.

Yet among the shower of envelopes and other fruits of the forest there are one or two cards missing this year. In particular, John Major's name no longer appears in my Christmas card in-tray. Is it something I wrote? No, it can't be. I am being properly punished for not sending a Christmas card to the prime minister last year. And Christmas 1994 will obviously bring an even leaner harvest. It serves Scrooge right.

■ Dominic Lawson is editor of The Spectator

Books that nobody wanted

Michael Thompson-Noel



This week the acting books editor staged a sale for charity of all surplus books cluttering up the books office. A new arts and books editor is arriving fairly shortly, and will no

doubt cut a swathe as soon as she gathers her wits. In the meantime, we are rubbing along with an acting books editor whose Christmas sale for charity was staged outside my office on Tuesday afternoon.

News of the start of the sale was flashed across our screens. Next moment, the space outside my office was filled with the strangest people: a sprinkling of minor specialists, people from the price rooms, people who write about books, and people who sub-edit things.

From time to time I would learn of my office and shout: "Feminism and Serial Killers are down at this end." But that is not the sort of joke calculated to succeed with people who write about books or spend their time sub-editing things, so eventually I fell quiet and stared glassily at my screen, unable to write a word because of the noise of people scrambling to buy cheap Christmas gifts.

In the end, the acting books editor's sale raised £341, a reverberatory sum considering the books on sale, which were clearly unreviewable, if not, in fact, unreadable.

You should have seen the ones that were left by nightfall, the

HAWKS & HANDSAWS

remains of the charity sale lay as bleached and as picked-over as the bones of a week-old bird abandoned under a thorn tree on the red, volcanic plain north of Mt Kilimanjaro.

They made me very sad. All that wasted labour; all those frustrated hopes - books that nobody wanted, not even the authors' mothers. I shouldn't be surprised. Some of these publications were provokingly out of date, which may help explain why the acting books editor was never a prominent candidate for the job of actual books editor.

Who could be surprised that there were no takers for *The European Public Affairs Update 1992*, or *The European Public Affairs Directory 1992*, or *The European Communities 1992: Annual Review of Activities*, or, indeed, for *Holles Europe: The Directory of European Public Relations and PR Networks, 1992-1993*. The press release accompanying *Holles* was headlined: "Single European market heralds bonanza of PR Opportunities" - an unspeakably revolting thought.

Some of the abandoned books had strangely beautiful titles, such as *The Third Man: The Life of Thomas Mann*, by John Giffiths, author of eight other books, among them *Modern Ireland* and *The Science of Winning Squash*.

Conversely, some of the business books were almost certainly doomed from the moment someone in marketing approved or composed the title: *Macroeconomics: The Theory of the Firm*, by John Giffiths, author of eight other books, among them *Modern Ireland* and *The Science of Winning Squash*.

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Oh Lord, give us next year our daily bread...

The distance between regular Church of England congregations and once-a-year churchgoers will be greater than ever this Christmas. Occasional, seasonal visitors will notice nothing amiss. The crabs and carols will still be in place in more than 16,000 churches throughout the land, blending homeliness with homeliness in the secure Anglican style.

More involved members of the church, however, will be asking how much longer it is going to stay like that. The church faces unprecedented financial problems on such a large scale that they could permanently change its shape. Within a few years, a century-long trend of insufficient candidates coming forward for ordination has been reversed. The Church of England now has more clergy than it can afford. Suddenly, all the R-words that became commonplace in industry during the 1970s and 1980s - retrenchment, rationalisation, restructuring, even redundancy - are being uttered nervously in clerical circles.

The problem's seriousness is illustrated by the view of Dr George Carey, Archbishop of Canterbury, that finance, rather than the divisive question of next year's ordination of women priests, is likely to be the most significant issue of his period in office.

Matters came to a head for the Church of England with a decline in the value of the Church Commissioners' income-producing assets from nearly £3bn in 1989 to £2.18bn last year. Much of 1993 has been taken up with investigation and painful debate over the commissioners' stewardship of the church's assets and their devastating over-exposure in the property market.

An investigation found that the commissioners' assets committee had compounded their problems by borrowing substantially to finance further speculative property development, while failing to maintain adequate managerial control. Bewildered members of the commissioners' board of governors complained afterwards of having been denied information about assets committee decisions.

The church has untangled the tragic cycle of events with impressive charity, showing little of the collective desire for retribution and scapegoats that would have dominated the reaction of most institutions. Attention is being concentrated on the consequences of the mistakes.

The Church of England has lived beyond its means for many years, relying on the commissioners' investment income to finance the experience. Warnings signs were evident in the 1980s as a new clergy pension scheme and other costly, long-term commitments were taken on. Between 1981 and 1991, when the retail price index rose by 78 per cent, the cost of clergy pensions and retirement housing increased by 228 per cent, and spending on church buildings by 245 per cent. So the sharp decline in the commissioners'

asset values is not the single cause of the present problems; but it means solutions must be attempted in an atmosphere of crisis rather than a more gradual, planned way.

The commissioners pay for pensions and housing for retired clergy, and contribute substantially to stipends. But the proportion of the stipend bill met from their assets - 45 per cent in the early 1990s - will fall below 30 per cent by 1996. Some dioceses will receive still less.

It costs about £600m a year to run the Church of England. Last year clergy stipends and housing cost £229m, worship and buildings £201m and administration £66m. Parishes generated the largest slice of income - £372m - and the Church Commissioners £161m. The decline in the commissioners' investment income means an extra £50m a year must be found elsewhere to meet running costs and pensions.

Churchgoers in the parishes are the only potential source of the

Every acre of England is in an Anglican parish. But the Church is facing big money problems. Alan Pike reports

extra money. A 15 per cent increase in the £372m raised locally would produce £55m and, if sustained annually, solve the problem. But the church, like charities in general, has seen little real increase in voluntary donations in recent years - they fell in real terms in 1990, and increased by only 3 per cent above inflation in 1991. Getting an extra 15 per cent from the parishes would be the equivalent of raising the entire voluntary income of Oxford each year on top of existing collections.

And, although there are signs that the rate of decline in church attendance - a social trend shared by the Church of England with other Christian denominations throughout the post-war years - has slowed since the mid-1980s, the church will be trying to squeeze more money from a diminished base. About 1.1m people now attend Anglican churches regularly, compared with 1.5m in 1970.

Some parishes will rise to the task of becoming self-sufficient, but in doing so will expose a further problem. The Church of England may have fallen on hard times financially, but it remains structured as a national church in a very real sense. Every acre of England is in an Anglican parish; its clergy are deployed around the country on a fair-share basis related to population and geography, and the church retains an elaborate central decision-making and policy-developing structure. It maintains several thousand schools; runs theological colleges; has responsibility for many historic buildings and, through its boards and committees, contributes

to debates on religious and social issues.

In future, some parishes may have full-time priests - or continue to exist - only if they can meet the costs locally. Moves in this direction are already occurring in some dioceses. A consultation document in London, which plans to pay its stipends without any Church Commissioners' support within ten years, proposes that if a parish is unable to make an adequate contribution to staff costs "a careful assessment ought to be made concerning its future."

Unco-ordinated moves in this direction could have far-reaching consequences for the nature of the national church. Parishes working hard to meet all their own running costs would, influential figures such as Alan McIntock, chairman of the church's central board of finance, believe, be reluctant to contribute to the national "head office" institutions that give the Church of England so much of its distinctive character. Relationships between clergy and congregations could change if priests felt wholly dependent on their parishes for continued employment. Vacancies would be filled on the basis of available funding rather than priority needs, with clergy skewed towards the suburbs and away from the inner cities and peripheral estates which the church regards as important mission areas.

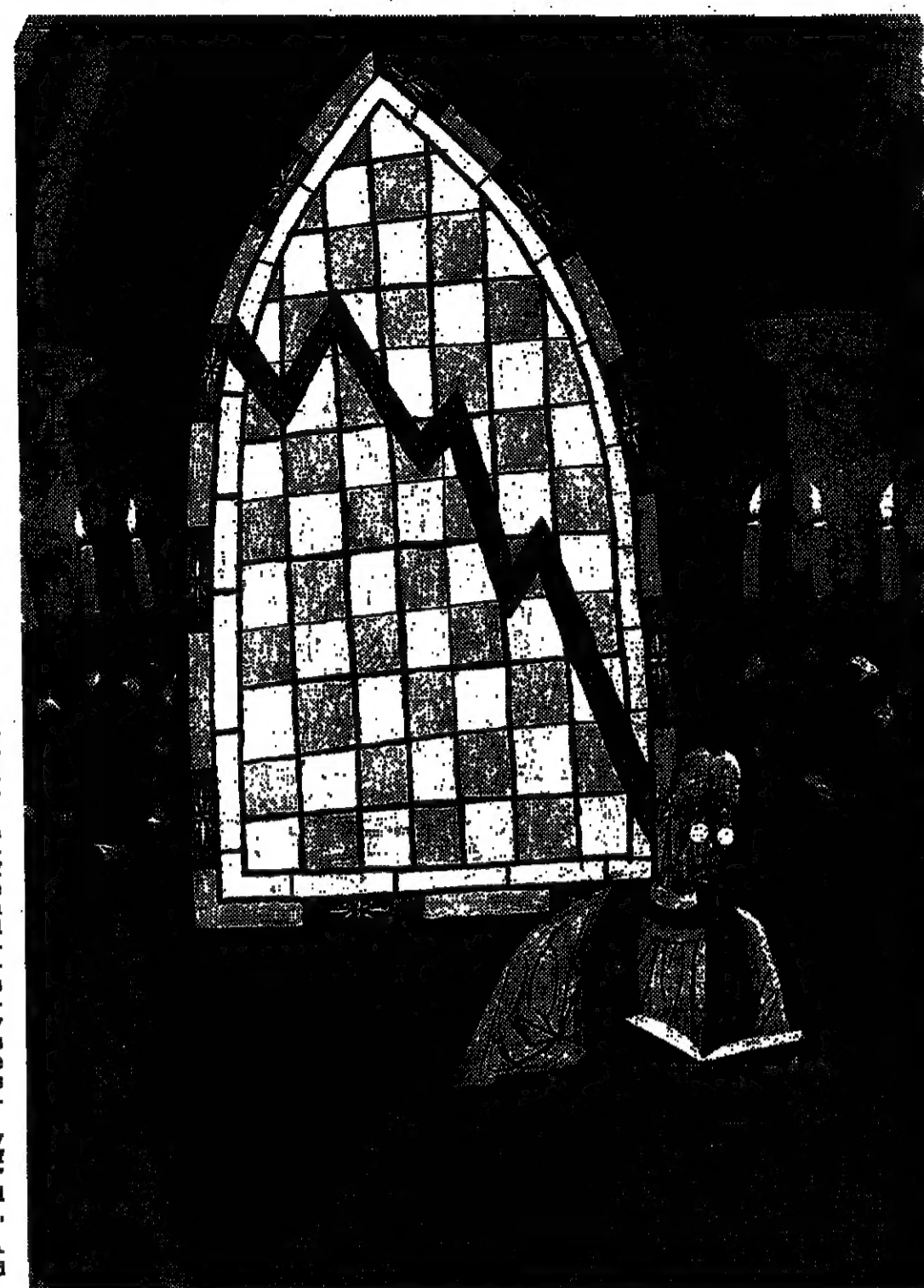
"Greater financial self-sufficiency need not mean the triumph of inward-looking congregationalism," Dr Carey told the church's general synod last month. Such fears are, however, very much alive.

An alternative to such a parish-for-itself approach advocated by the Rt Rev David Sheppard, Bishop of Liverpool - whose diocese includes many relatively deprived areas that would find it impossible to meet full clergy costs from local resources - is to encourage stronger church-going areas to make more use of part-time, unpaid ministers, enabling cities and other priority areas to retain substantial numbers of stipendiary clergy.

There are around 11,000 stipendiary clergy and another 2,000 non-stipendiary ministers - ordained clergy who combine their ministry with secular employment and do not receive a salary from the church. Increased reliance on non-stipendiary clergy and lay workers has one probable consequence of the financial problems.

The church does not set limits on candidates considered for ordination but, says a new report by its Advisory Board of Ministry, it might become necessary to restrict the number it can afford to pay. Those called to ordination, says the report, should "not themselves seek to impose conditions as to whether their call is to stipendiary or non-stipendiary work."

Although the Church of England pays better than some denominations - a Salvation Army officer starts on an annual £2,350, rising to a £3,590 maximum after 45 years - the financial rewards of the minis-



try are modest by most secular standards. The average for a vicar is between £12,000 and £18,000.

Church leaders emphasise the need for appropriately motivated men and women to offer themselves for ordination remains as great as ever. But today, potential candidates are warned to set aside any notions of social standing that may once have compensated for limited financial rewards.

Future clergy, says the Advisory Board of Ministry report, will find their ministry very different from that of their predecessors. It will, it says, "embody much of the insecurity and vulnerability that is characteristic of our time."

Canon John Stanley, a church commissioner and member of the general synod, endorses this point. He says that declining church attendances, and the increased secularisation of society, are leading to some clergy feeling isolated, lonely and undervalued; he is concerned that worries about the church's financial future will become an additional pressure on them.

Many clergy are worried that rushed solutions to the financial problems, involving emergency cost-cutting against impossibly short timetables, could spiral the church into local initiatives that

would undermine its status as a national church. Canon Stanley argues for a controlled response.

"I believe there is a danger of increasing the scale of the problem if people rush at it too much," he says. "I know that raising individual giving is not easy, but we must remember that if everyone gave £1 per week more the problem would disappear. There is a need for a steady hand and strong nerve."

Church finances will be under further pressure next year when many priests unable to accept women's ordination, leave and qualify for payments under a compensation scheme. There are also dangers that the women priests issue, allied to financial problems determining whether some churches close, could upset the doctrinal ecology between the Church of England's high and low church wings. Most of the defections of priests and parishioners over women's ordination will be among Anglo-Catholics, while many of the parishes proving most successful at raising money and attracting growing congregations are evangelical.

One of the deepest concerns voiced by clergy and lay people is that the church, shocked by the Church Commissioners' investment problems, might go to the other

extreme and be carried away by an obsession for budgetary control.

"We cannot keep the Church of England alive by the contributions of individual congregations alone," says the Very Rev John Glaswin, Provost of St Paul's Cathedral. "The Church Commissioners' originally obtained their money from the reserves of the old cathedrals and bishoprics to help finance the living ministry of the church. There is absolutely no point in solving the problem in a way that enables the commissioners to balance their books, and creates a sound pension scheme, but leaves no money to finance an active ministry."

Dr Carey told last month's synod that "complacency and panic" were equally out of place as a response to the financial problems. Nothing is more certain, however, than that some will panic while others remain complacent.

For all its structure, much real decision-making in the Church of England remains with individual bishops in 43 dioceses, while most of the clergy hold their posts on freehold and cannot be moved against their will. In such circumstances, steering a course of sound, rational management between the twin rocks of complacency and panic will be unusually difficult.

I'm spending this Christmas, again with my friend Jean-Peter. He is from Luxembourg and is still active in DGXXII in the European Commission and is now in charge of the programme for new policy initiatives.

"Take a look at this editorial," he said, flinging a recent copy of the Dutch financial paper, *NRC Handelsblad*, over to me.

"Hm," I said. "Santa Claus fights back." It was all about the rearguard battle "Sinterklaas", or St Nicholas, had launched against the encroachments of Father Christmas. The two are not the same, it seems. The article complained that today in Dutch shop play centres you hear "Jingle Bells" in place of "Zie ginds komt de stoomboot".

I said I wasn't really surprised, but Jean-Peter was impressed. "You see they've got a point. Should the Gatt round have included St Nicholas as a cultural exception? NRC says he doesn't need a subsidy - 'a man enough to

trust in his own strength.' Hm. I wonder."

All this, it seems, is grist to Jean-Peter's new think-tank which is working towards the European Policy Innovation and Reformulation Colloquium to be held next March in Hilversum. He asked me for my ideas. I recalled the news conference given by President Mitterrand at the end of the G-7 Tokyo Summit in July. He had argued in favour of bigger handouts to developing countries. I thought he was right because of French demands for a *préférence communautaire*. In other words the poor needed help because markets in Europe were closed to some of their exports. When I asked the French leader if there was not a contradiction here, he

replied that if there was it was "purely formal".

Jean-Peter smiled. "Yes, we've been thinking about that sort of thing here. The French policy could provide a major boost for everybody if implemented properly. It is the concept of the 'purely formal' contradiction that we find particularly useful. A lot of circles can be squared if you look at them through the right prism."

I confessed that this was lost on me. But Jean-Peter said his colleagues had been inspired by a series of television programmes about Margaret Thatcher's time as prime minister. "We have the Thatcher countervailing cost and tax tariff structure in place just ready to go." Apparently the commission had

been impressed by Thatcher's arguments for a Community Charge, or what the British call poll tax, as a new source of local government revenue.

"We saw Lady Maggie on that TV programme. The poll tax could have worked. 'Nigel Lawson had the solution,' she said, 'in his own hands. But he would not come up with the money to make it work.'"

So Thatcher had achieved a Euro-breakthrough. If something costs too much, you raise a tax to pay for it and if that tax is too high you get the ministry of finance to subsidise it. If necessary by raising a new tax.

"As Mrs Thatcher noted, that was the solution finally chosen in Britain - the standard rate of value

added tax was raised to help pay for the Council Tax. Brilliant but too late to save Lady T unfortunately."

But unemployment was, of course, the real problem and Jean-Peter was absorbed in ideas for cutting it. "A lot of people have been thinking productively on this subject. France encourages a four-day week, Volkswagen has a 29-hour week already and the German economics minister, Ginter Reschrot, suggested doubling the annual holiday to three months. What we are aiming at, initially, is the 28-hour week, Europe-wide."

"And if things get worse?" "Then the 20-hour week would come in. But actually we are doing something really interesting, path-

breaking in fact, in this area already. We're putting some money into a new French film that incorporates job sharing. It's called *Le Monde est Rond*."

Who's in it? "Catherine Deneuve and Gérard Philipe. At least they are for four days a week."

"And the other day?" "We've got Josiane Bidoon out of retirement. She has not been in anything since 1962 and is actively seeking work. And then there is Pape La Frite who is on a youth training scheme. I gapsed at this idea. 'It's quite absurd.'"

"You fail to understand anything at all. Work sharing can work at every level. Look at the England football team - you need only 11 players. But in a period of four years England managed to give jobs to 60. That's the way ahead - it should be compulsory for everybody. To achieve a level playing field."

■ James Morgan is economics correspondent of the BBC World Service.

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